

MI-1040 Michigan Income Tax Return

1999

Issued under P.A. 281 of 1967. Filing is mandatory.

This return is due April 17, 2000. Please type or print clearly in blue or black ink.

▶ 1 PLACE LABEL HERE	Primary Filer's First Name and Middle Initial		Last Name		▶ 2	Primary Filer's Social Security Number		
	If a Joint Return, Spouse's First Name and Middle Initial		Last Name			▶ 3	Spouse's Social Security Number	
	Home Address (No., Street, P.O. Box or Rural Route)						Office Use	
	City or Town							
			State	ZIP Code	▶ 4		School District Code (see p. 45)	

Check this box if someone else prepares your return and you DO NOT need a book mailed to you next year (see p. 5). ☐

Voluntary Contributions: You may contribute to the Children's Trust Fund and Nongame Wildlife Fund on the back of this return.

- ▶ 5. STATE CAMPAIGN FUND** Check this box if you (or your spouse, if filing a joint return) want \$3 of your taxes to go to this fund. This will not increase your tax or reduce your refund. YES NO
- ▶ 5. a.** You ☐ ☐
b. Spouse ☐ ☐
- ▶ 6. FARMERS, FISHERMEN OR SEAFARERS** If 2/3 of your income is from farming, fishing or seafaring, check this box **▶ 6.** ☐
- ▶ 7. FILING STATUS** **a.** ☐ Single **b.** ☐ Married, filing jointly **c.** ☐ Married, filing separately. Complete item 3 and enter your spouse's name here: _____

- ▶ 8. RESIDENCY** **a.** ☐ Resident **b.** ☐ Nonresident **c.** ☐ Part-Year Resident If you check box "b" or "c," you must complete and attach Schedule NR.

9. EXEMPTIONS

If someone else can claim you and/or your spouse as a dependent, check the box, and complete the worksheet on page 12.

You Spouse
▶ a. ☐ **▶ b.** ☐

Number of exemptions you claimed on your 1999 federal return.		▶ 9d. _____ x \$2,800 =	c. <input style="width: 40px;" type="text"/> .00
Check a box for all Michigan special exemptions that apply			
Age 65 or older	▶ f. <input type="checkbox"/> You ▶ g. <input type="checkbox"/> Spouse		e. <input style="width: 40px;" type="text"/> .00
Deaf	▶ h. <input type="checkbox"/> ▶ i. <input type="checkbox"/>		
Totally and permanently disabled (and under age 65), hemiplegic, paraplegic, quadriplegic or blind	▶ j. <input type="checkbox"/> ▶ k. <input type="checkbox"/>		
Unemployment compensation (must be 50% of AGI)	▶ L. <input type="checkbox"/>		
How many special exemption boxes did you check?	m. _____ x \$900 =		<input style="width: 40px;" type="text"/> .00
Number of children claimed as Michigan exemptions:	Ages 6 and under	▶ n. _____ x \$600 =	<input style="width: 40px;" type="text"/> .00
	Ages 7 - 12	▶ o. _____ x \$300 =	<input style="width: 40px;" type="text"/> .00
Add lines 9c, 9e, 9m, 9n and 9o. Enter here and on line 15			9. <input style="width: 40px;" type="text"/> .00

10. Adjusted gross income from your U.S. 1040, 1040A or 1040EZ (see p. 12)	▶ 10. <input style="width: 40px;" type="text"/> .00
11. Additions (from MI-1040 Schedule 1, line 7)	▶ 11. <input style="width: 40px;" type="text"/> .00
12. Total. Add lines 10 and 11	12. <input style="width: 40px;" type="text"/> .00
13. Subtractions (from MI-1040 Schedule 1, line 18)	▶ 13. <input style="width: 40px;" type="text"/> .00
14. Income subject to tax. Subtract line 13 from line 12	14. <input style="width: 40px;" type="text"/> .00
15. Exemption allowance. Enter the amount from line 9 or Schedule NR, line 19	▶ 15. <input style="width: 40px;" type="text"/> .00
16. Taxable income. Subtract line 15 from line 14	16. <input style="width: 40px;" type="text"/> .00
17. Tax. Multiply line 16 by 4.4% (.044)	17. <input style="width: 40px;" type="text"/> .00

STAPLE STATE COPY OF W-2 HERE

							.00
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19. Income tax paid to Michigan cities (see p. 13) ▶ **19a.**

					.00
--	--	--	--	--	-----

19b.

					.00
--	--	--	--	--	-----

20. Public contributions (see p. 13) ▶ **20a.**

					.00
--	--	--	--	--	-----

20b.

					.00
--	--	--	--	--	-----

21. Community foundations. (Enter code from p. 44) ▶ | ▶ **21a.** | | | | | .00 **21b.** | | | | | .00

22. Homeless /Food Bank cash contributions (see p. 13) ▶ **22a.**

						00
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22b.

						00
--	--	--	--	--	--	----

23. Income tax paid to another state. (Attach a copy of the return.) 23a. [][][][][] .00 ▶ 23b. [][][][][] .00

24. Michigan Historic Preservation Credit _____ ▶ **24a.**

				.00
--	--	--	--	-----

 ▶ **24b.**

				.00
--	--	--	--	-----

25. College Tuition and Fees Credit. Attach Schedule CT **▶ 25.**

					.00
--	--	--	--	--	-----

26. Total nonrefundable credits. Add lines 19b, 20b, 21b, 22b, 23b, 24b and 25 **26.**

27. Income tax. Subtract line 26 from line 18. If line 26 is greater than line 18, enter "0" ▶ **27.**

								.00
--	--	--	--	--	--	--	--	-----

28. Fight Child Abuse Enter \$10 or your contribution amount here _____ ▶ 28.

					.00
--	--	--	--	--	-----

29. Help Endangered and Nongame Wildlife Enter \$10 or your contribution amount here ► **29.**

					.00
--	--	--	--	--	-----

30. Use tax. ▶ a. ☐ No use tax due ▶ b. ☐ Amount from Worksheet, line 3, on page 11. ▶ **30.**

31. Add lines 27, 28, 29 and 30 31.

								.00
--	--	--	--	--	--	--	--	-----

32. Property Tax Credit. Attach MI-1040CR or MI-1040CR-2 ▶ **32.**

							.00
--	--	--	--	--	--	--	-----

33. Farmland Preservation Credit. Attach MI-1040CR-5 **33.**

								.00
--	--	--	--	--	--	--	--	-----

34. Michigan Tax Withheld. Attach state copy of W-2 ▶ **34.**

							.00
--	--	--	--	--	--	--	-----

 ◀

35. Estimated tax, extension payments and 1998 credit forward ▶ **35.**

							.00
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36. Total refundable credits and payments. Add lines 32 through 35 _____ **36.**

37. If line 36 is less than line 31, enter **TAX DUE**. Check if **MI-2210** is attached **a.** ☐ ☐

[illegible]

38. If line 36 is greater than line 31, subtract line 31 from line 36. You **overpaid** this amount 38.

39. Amount of line 38 to be credited to your **2000** estimated tax. ▶ **39.**

								.00
--	--	--	--	--	--	--	--	-----

40. Subtract line 39 from line 38. *For a Fast Refund File Electronically* **Refund ▶ 40.**

I declare, under penalty of perjury, that the information in this return and attachments is true and complete to the best of my knowledge.		I declare under penalty of perjury that this return is based on all information of which I have any knowledge.
<input type="checkbox"/> I authorize Treasury to discuss my return with my preparer. <input type="checkbox"/> Do not discuss with my preparer.		
Filer's Signature	Date	
Spouse's Signature	Date	
		Preparer's Signature, Address, Phone and ID No.

Make checks payable to "State of Michigan." Print your Social Security number and the words "1999 income tax" on the front of your check. **Do not staple your check to the return.**

1999 MICHIGAN INCOME TAX RETURNS

and Homestead Property Tax Credit Claim



Convenient: Your refund is deposited directly into your account at the financial institution of your choice.

Safe: Direct deposit eliminates lost or stolen refund checks.

Reliable: Done electronically, direct deposit eliminates delay and damage that may occur through mailing.

See Page 27 for More Information on Direct Deposit



Fast: Receive your refund within seven days.

Convenient: Contact your tax preparer or transmit from your home, office or dormitory 24 hours a day, 7 days a week.

Accurate: Math errors are eliminated.

Secure: Only you and your tax preparer see your return.

Quick Confirmation: Receive proof that your return was filed.

Visit our web site at www.treasury.state.mi.us for a list of tax preparers who offer e-file, or for information on tax preparation software and free e-file tax preparation for 1999.

See Page 2 for More Information on Electronic Filing



Please recycle this booklet.



Faster filing, faster refund!

E-filing is the fastest and most accurate way to file your tax returns. File your federal and state returns together and receive your refund in 7-10 days.

Your tax preparer may provide this service, or file via the Internet from your personal computer. There may be a charge for e-file.

This year, e-file from these web sites:

www.turbotax.com

www.preptax.com

SPECIAL OFFERS FOR MICHIGAN RESIDENTS

This year, Michigan residents have several options for preparing and e-filing their own returns. Intuit is offering discounts to taxpayers who e-file their federal and Michigan returns.

Intuit

- If you file a federal *1040EZ*, or your annual adjusted gross income is less than \$20,000, prepare and file your federal and Michigan tax returns **FREE** through *Quicken® TurboTax®* for the Web. Visit www.turbotax.com.
- Purchase *Quicken® TurboTax®* or *MacInTax®* and receive **FREE** electronic filing for your federal and Michigan returns! Simply complete the rebate coupon in the TurboTax/MacInTax box to receive a \$9.95 rebate for the federal e-file fee, and complete and return the coupon below to Intuit Inc. to receive a rebate of \$4.95 for the Michigan e-file fee, making e-filing **FREE**.
- Use *Quicken® TurboTax®* for the Web to prepare and e-file your federal and Michigan returns, and save **50%** on the price of your Michigan return! Simply visit www.turbotax.com, then complete and return the coupon below to Intuit, Inc., and receive your discount.



\$4.95 Michigan State Electronic Filing Rebate Coupon for Tax Year 1999

Please complete the following information:

Name _____

Address _____

City _____

State _____ Zip _____

Phone (_____) _____

E-mail _____

Rebate coupon rules: This rebate is good for one e-file Michigan income tax return using a TurboTax/MacInTax State or TurboTax for the Web product. All rebate coupon requests must be postmarked no later than October 31, 2000 and received by Intuit no later than November 15, 2000. Intuit assumes no responsibility for delayed, lost or misdirected mail. Rebate is *for the e-file fee only*, and does not include applicable sales tax or telephone company charges.

Promotion # 389-0035

SC 561625

After your e-file return is accepted by the IRS, your TurboTax/MacInTax product will print information containing a confirmation number called the Declaration Control Number (DCN). Copy your DCN in the space provided below. If you e-file using TurboTax for the Web, the product will give you step-by-step directions to get your DCN.

DCN _____ (mandatory)

Mail this original coupon to:

TurboTax/MacInTax/Michigan E-file Rebate
P.O. Box 8015, St. Cloud, MN 56398-8015

If you purchased your product at retail, include the UPC bar code from the bottom of the box. If you purchased directly from Intuit, include the packing slip that you received when your state product was received. If you used TurboTax for the Web, include a printout of the order confirmation page.

Photocopies of rebate coupons will not be accepted. Tax Year 1999 returns must be e-filed no later than October 16, 2000.

We will forward your \$4.95 rebate check in approximately 6-8 weeks. If you have not received your rebate after 8 weeks, please call (800) 950-0017.

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Purchase the award-winning software program, TaxCut, to do your Michigan state taxes with FREE electronic filing; it's secure and easy to use.

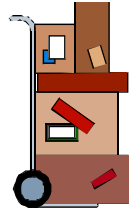
INTERNET, MAIL ORDER AND OUT-OF-STATE PURCHASES

What Is Michigan's Use Tax?

Every state with a sales tax has a companion tax for purchases made outside the state. In Michigan, that tax is called the "use tax" but might be more aptly described as a remote sales tax. As a general rule, you owe this tax if you purchased merchandise and did not pay sales tax. Typically this happens when



you purchase an item (for example, clothing, books, furniture, computers) by telephone, catalog, Internet, or in person from out-of-state businesses that do not add the Michigan sales tax to your bill. While many Michigan residents are not aware of the use (remote sales) tax, it has been on the books since the 1930s.



Who Benefits From Michigan's Use Tax?

Stronger Schools: The direct beneficiary of nearly three-quarters of all sales tax and a third of all use tax is the state's K-12 school system.

Local and State Services: Local and state government services such as libraries, fire departments, road improvements, higher education, and public protection services are supported by sales and use taxes.

Michigan's Retailers: Collection of this tax will ensure a level playing field for Michigan businesses. Without collection of this tax, out-of-state retailers enjoy a 6 percent competitive price advantage.

***These companies collect Michigan tax.
If you order from these companies
your responsibility is met.***

Amway Corporation
Borders Online, Inc.
Gateway Companies, Inc.
Crate and Barrel
Eddie Bauer, Inc.
Herman Miller, Inc.
JC Penney Company, Inc.
K Mart Corporation
QVC Network Inc.
Talbots, Inc.
Wal-Mart Stores, Inc.
Walt Disney Catalog Inc.
Williams-Sonoma, Inc.
...and many more

***These companies do not collect
Michigan tax. If you order from these
companies you need to file and pay tax.***

Save your receipts!

Amazon.com, Inc.
Coldwater Creek Inc.
DAMARK International, Inc.
Dell Catalog Sales, L.P.
Fingerhut Companies, Inc.
L.L. Bean, Inc.
Lands' End, Inc.
Spiegel Catalog, Inc.
The Orvis Company, Inc.
....and many more

*If you are unsure of the amount of purchases on which
you owe the use tax, contact the company from which
you made the purchase.*

*The above lists are intended as helpful guidelines and are **not all-inclusive**. They are examples of companies that collect the tax for you and companies that leave the burden of compliance with you.*

***For more information on the Use (Remote Sales) Tax see page 11 or visit our web site
at: www.treasury.state.mi.us.***

HOW TO GET HELP

**Visit Our Treasury Web Site at
www.treasury.state.mi.us**

Call 1-800-827-4000 To Access Our Tele-Help System

Tele-Help is an automated system of informative recordings about income tax and property tax credit topics. This number operates 24 hours every day. See page 7 for Tele-Help code numbers and topics.

Call 1-800-827-4000 To Check on Your 1999 Refund

Allow at least eight weeks for the processing of your 1999 refund before calling the Computerized Refund Information System (CRIS). You must have the primary filer's Social Security number and adjusted gross income or household income to get refund information. CRIS will allow you to check on your refund once every seven days. If your return is selected for review, CRIS will tell you to allow an additional eight weeks for the processing of your refund.

New this year: Estimated tax payments and prior year information are now available on CRIS. Please listen carefully to our new menu options.

Call 1-800-487-7000 To Talk to a Department Representative

Call this number to talk to a department representative for answers to your questions about Michigan income tax and the various credit forms. Staff is available to take your call from 8 a.m. to 5 p.m., Monday-Friday. During tax processing season (February-April), staff is available from 7 a.m. to 7 p.m., Monday-Friday. Staff will be available for additional extended hours during April. Individuals answering these toll-free lines will answer specific questions on the preparation of the income tax forms and various credit forms. **Refund information is not available at this number.** Deaf, hearing or speech impaired persons using a Text Telephone for the Deaf (TTY) can call 517-373-9419 for assistance.

IMPORTANT NEWS FOR 1999

Mailing Labels

If you do not need a tax booklet next year, check the box near the top of your 1999 *Michigan Income Tax Return* (form MI-1040).

Over 800,000 taxpayers checked the box on their 1998 return indicating they did not need a 1999 instruction booklet sent to them. These taxpayers, along with over 622,000 taxpayers who filed electronically for 1998, will receive their peel-off mailing label on a postcard. This will save Michigan taxpayers over \$130,000 in printing costs.

We no longer print your Social Security number on the mailing label. Instead, for security reasons, a 10-digit code number appears on the label.

How to Use Your Mailing Label

- Review your name and address. If the information is correct, place the label on the first page of your tax return.
- If you use a tax preparer, bring this book to your preparer and ask him or her to use your label on your return. Using your label will help shorten the processing time of your return.
- Do not use the label if any of the information on the label is incorrect. Write the correct information on the return.
- Do not use the label if you are a surviving spouse and the deceased taxpayer's name is on the label. Write the correct information on the return.
- Do not use your mailing label as a return address label on your envelope. This will delay our receipt of your return.

Pensions

For tax year 1999, pension benefits included in adjusted gross income (AGI) from a private pension system or an IRA are deductible to a maximum of \$34,170 on a single return or \$68,340 on a joint return.

Senior citizens age 65 or older may deduct part of their interest, dividends and capital gains that are included in AGI. For 1999, the dividend, interest and capital gains deduction is limited to a maximum of \$7,620 on a single return or \$15,240 on a joint return, and must be reduced by the pension subtraction.

Historic Preservation Tax Credit

Beginning in the 1999 tax year, a nonrefundable credit is available to owners or longterm lessees of qualified historic resources who undertake rehabilitation projects. To be eligible for the credit, the rehabilitation project must be certified by the State Historic Preservation Office of the Michigan Historical Center and a Historic Preservation Tax Credit Claim (form 3581) must be filed. For information regarding certification, please visit the web site www.sos.state.mi.us/history/preserve/. Form 3581 is available from any of the sources listed on page 6.

Use Tax

You may pay use tax that you owe for the 1999 tax year on your 1999 MI-1040, line 30. See page 11 for more information on the use tax.

Property Tax Credits/Refunds A Reminder From the Internal Revenue Service (IRS)

Michigan homestead property tax credit and homestead exemption refunds received in 1999 may be taxable on your 1999 federal income tax return. These are refunds of a portion of the property taxes paid. If you claimed an itemized deduction for property taxes on your 1998 federal income tax return and then received a refund in 1999 from the state or your local unit of government for a portion of those taxes, you must include that refund as income on your 1999 federal income tax return. If you have any questions about the taxability (for federal tax purposes) of these refunds, please call the IRS at 1-800-829-1040.

Where to Get Forms



- **Internet:** Forms are available on our web site at: **www.treasury.state.mi.us**
- **Fax:** Dial **517-241-8730** from a fax phone to have 1999 Michigan tax forms sent to your fax machine 24 hours a day.
- **Phone:** Call **1-800-FORM-2-ME (367-6263)**. This toll-free line is available 24 hours a day.
- **Public Offices:** Forms are available at all Treasury field offices. Commonly used forms are also available at most Michigan Secretary of State offices, post offices, financial institutions, and libraries.

A Note About Debts

Michigan law requires that any money owed to the state and other agencies be deducted from your refund or credit before it is issued. This includes money owed for past due taxes, school loans, child support due the Friend of the Court, an IRS levy, money due a state agency, a court-ordered garnishment or other court orders. Taxpayers who are married, filing jointly, may receive a computer-generated *Income Allocation to Non-Obligated Spouse C-4297*, after the return is filed. Completing and filing this form may limit the portion of the refund that can be applied to a liability. If Treasury applies all or part of your refund to any of these debts, you will receive a letter of explanation.

When You Have Finished



Sign your return

Review your return and, if applicable, attached credit forms. Make sure that your name(s), Social Security number(s) and address are on the form.

Your tax preparer (if you used one) must sign the claim and include, if applicable, the name and address of the organization he or she represents, and Social Security number or preparer identification number.

Check the box to indicate if Treasury may discuss your claim with your preparer.

Keep a copy of this form and all supporting documents for six years.

Attachments

Assemble your returns and attachments and staple in the upper left corner. A sequence number is printed in the upper right corner of the following forms to help you assemble them in the correct order behind your MI-1040 form.

- MI-1040 Schedule 1
- Direct Deposit of Refund (3174)
- Nonresident and part-year resident (Schedule NR)
- Farmland credit (MI-1040CR-5)
- Property tax credit (MI-1040CR or MI-1040CR-2)
- College tuition credit (Schedule CT)
- Historic Preservation Tax Credit (3581)
- Federal schedules (see Table 1, page 8)
- Schedule of Apportionment (MI-1040H)

If you are also filing a home heating credit (MI-1040CR-7) or prescription drug credit (MI-1040CR-9) **do not** staple it to your return; fold it and leave it loose in the envelope.

Where to Mail Your Return

Mail your refund, credit, or zero due returns to:

Michigan Department of Treasury
Lansing, MI 48956 

If you mail your 1999 return in the same envelope with a return for years prior to 1999, your 1999 refund will be delayed. To receive your 1999 refund faster, mail your 1999 return in a separate envelope.

If you owe tax, mail your return to:

Michigan Department of Treasury
Lansing, MI 48929 

Make checks payable to "State of Michigan" and print your Social Security number and the words "1999 income tax" on the front of your check. Do not staple your check to the return.

Michigan Tele-Help System

1-800-827-4000

Tele-Help is an automated system of informative recordings about income tax and tax credit topics. Call 1-800-827-4000 anytime and listen for the Tele-Help instructions. This number operates 24 hours every day.

Tele-Help code numbers and topics

General Income Tax Information

- 111 Where to go for help
- 121 To get a copy of your return
- 131 Refund offsets
- 141 Who must file an income tax return and how to file
- 151 Other:
 - Deceased taxpayers
 - Residency
 - Requirements for dependents, minors and students
- 161 Repayments of income reported in a prior year (Claim of Right)
- 171 Electronic filing
- 181 Home electronic filing
- 192 Direct deposit

MI-1040

- 201 Use tax
- 211 Amended returns - form MI-1040
- 212 Prior year returns
- 221 Estimated tax payments
- 231 Additions and subtractions from income
- 241 Capital gains and losses
- 251 Public Contributions Credit
- 261 Community Foundations Credit
- 262 Historic Preservation Tax Credit
- 271 Other:
 - Deferred compensation
 - Tax status of U.S. obligations
 - Extensions
 - Distributions from IRAs
 - Contributions to IRAs
- 281 Homeless Shelter/Food Bank Credit
- 292 College Tuition and Fees Credit
- 293 Renaissance Zones

Credit Information

- 311 Homestead Property Tax Credit
- 321 List of special situations for property tax credits
- 331 Home Heating Credit
- 341 Senior Citizen Prescription Drug Credit
- 351 Difference between household income and adjusted gross income
- 361 Farmland Preservation Credit

Miscellaneous Information

- 411 Homestead Exemption Affidavits

Treasury Offices

The Treasury field offices do not prepare tax returns. If you need help, please call the Lansing office. Forms are available at all Treasury field offices.

Main Office:

LANSING, 48922
Treasury Building
430 W. Allegan St.
1-800-827-4000 (refunds)
1-800-487-7000 (information)

Other Offices:

DETROIT, 48226
State of Michigan Plaza Building
1200 6th St., 2nd Floor, N. Tower

ESCANABA, 49829
State Office Building, Room 7
305 Ludington St.
(open 8 - 12 only)

FLINT, 48502
State Office Building, 7th Floor
125 E. Union St.
(closed 12 - 1)

GRAND RAPIDS, 49503
State Office Building, 3rd Floor
350 Ottawa St., NW

KALAMAZOO, 49005-0286
535 S. Burdick St., Ste. 197
(closed 12 - 1)

STERLING HEIGHTS, 48314
41300 Dequindre, Suite 200

SAGINAW, 48607
State Office Building, 4th Floor
411-I E. Genesee St.
(open 8 - 12 only)

TRAVERSE CITY, 49684
701 S. Elmwood Ave., Box 14
(open 8 - 12 only)

Deaf, hearing or speech impaired persons may call 517-373-9419 (TTY).

Information for All Income Tax Filers

This booklet is intended as a guide to help you complete your return; it does not take the place of the law.

The index for this booklet is inside the back cover.

Always complete your federal tax return before your Michigan return. You may need to file a Michigan return even if you do not need to file a federal return. You should keep a copy of your return and all supporting schedules for six years.

ADJUSTED GROSS INCOME (AGI)

Throughout this book, we refer to adjusted gross income as AGI. Copy your AGI directly from your U.S. 1040 line 33, U.S. 1040A line 18.

WHO MUST FILE A RETURN

File a return if you owe tax, are due a refund or your AGI exceeds your exemption allowance. You should also file a Michigan return if you file a federal return, even if you do not owe Michigan tax. This will eliminate unnecessary correspondence from Treasury. See page 9 for nonresident and part-year resident information.

If your parents (or someone else) can claim you as a dependent on their return and your AGI is \$1,500 or less if single, or \$3,000 or less if married filing jointly, you do not need to file a return unless you are claiming a refund of withholding. If single, and your AGI is over \$1,500; or if married filing jointly, and your AGI is over \$3,000, you must file a return. See instructions on page 12.

Important: If your income subject to tax (line 14) is less than your personal exemption allowance (line 15) and Michigan income tax was withheld from your earnings, you must file a return to claim a refund of the tax withheld.

WHO MUST FILE A JOINT RETURN

File a joint Michigan return if you filed a joint federal return. If you filed separate federal returns, you may file separate or joint Michigan returns. You may file a joint return only with your spouse, not with a parent, sibling or other relative.

Note: You may file as "single" only if you are widowed, not married, are divorced or are separated under court order.

TAX CREDITS

A tax credit may reduce your tax or increase your refund. Be sure to claim all the credits for which you qualify. You may be able to claim credits for each of the following:

- City income tax (page 13)
- Contributions made to some public institutions and community foundations (page 13)
- Cash contributions to homeless shelters/food banks (pages 13-14)
- Income tax paid to government units outside Michigan (page 14)
- Historic Preservation Tax Credit (use form 3581)
- College tuition and fees (page 14)
- Homestead property taxes and/or rent paid (page 17)
- Farmland preservation (use form MI-1040CR-5).

ROUNDING DOLLAR AMOUNTS

Round down all amounts less than 50 cents. Round up all amounts of 50 through 99 cents. Do not enter cents.

WHEN TO FILE YOUR RETURN

Your return must be postmarked no later than April 17, 2000. Payment must be included with your return.

Make your check payable to "State of Michigan" and be sure to write your Social Security number(s) and the words "1999 income tax" on the front of the check. You will be charged penalty and interest on tax not paid by April 17, 2000.

If you cannot file before the due date and you owe tax, you may file an *Application for Extension of Time to File Michigan Tax Returns* with your payment. See page 9.

PENALTY AND INTEREST ADDED FOR FILING OR PAYING LATE

If you file or pay late, Treasury will add a penalty of 5 percent of the tax due every month until you file and pay. Maximum late penalty is 50 percent of the balance of tax due. Minimum late penalty is \$10 for the first month. If you pay late, you must add penalty and interest to the amount due. The interest rate through June 30, 2000 is 8.9 percent. For interest rates after June 30, 2000, call 1-800-487-7000.

TABLE 1
Attach These Federal Schedules

Taxpayers who file any of the following schedules or forms with their federal return must attach a copy to their Michigan income tax return:

Schedule B	Interest and Dividend Income (if over \$5,000)
Schedule C or C-EZ	Profit or Loss From Business
Schedules D & 4797	Capital and Ordinary Gains and Losses
Schedule E	Supplemental Income and Loss
Schedule F	Farm Income and Expenses
Form 2555	Foreign Earned Income
Form 3903 or 3903-F	Moving Expenses
Form 6198	Computation of Deductible Loss From Activity Described in IRC Section 465(c)
Form 8829	Expenses for Business Use of Your Home
Schedule R or 1040A, Schedule 3	Credit for the Elderly or Totally and Permanently Disabled
Form 4868	Application for Automatic Extension of Time to File U.S. Individual Income Tax Returns

Make sure the above schedules and forms report the location of the business activity or the location of any real property involved. Schedules showing rental of personal property must report where the property is being used. If you do not attach these schedules, processing of your return may be delayed.

Information About Special Situations

EXTENSIONS

To request more time to file your Michigan tax return, send a payment of your estimated annual liability to Treasury with a copy of your approved federal extension (U.S. 4868) on or before the original due date of your return. Treasury will extend the due date to your new federal due date. If you do not have a federal extension, file an *Application for Extension of Time to File Michigan Tax Returns* (form 4) with your payment. Treasury will not notify you of approval. Do not file an extension if you will be claiming a refund.

An extension of time to file is not an extension of time to pay. If you underestimate the tax due and do not pay enough with your extension request, you must pay interest on the unpaid amount. Compute interest from the due date of the annual return. Interest is 1 percent above the prime rate and is adjusted on July 1 and January 1.

You may be subject to a penalty of 10 percent or more if the balance due is not paid with your extension request. When you file your MI-1040 return, include on line 35 the amount of tax you paid with your extension request. Attach a copy of your federal or state extension to your return.

2000 ESTIMATE PAYMENTS

Usually, you must make estimated income tax payments if you expect to owe more than \$500 when you file your 2000 MI-1040. This is after crediting your property tax and farmland preservation credits and amounts you paid through withholding.

Common income sources which make estimate payments necessary are:

- Self-employment income
- Salary and wages if you do not have enough tax withheld
- Tips
- Retirement income
- Unemployment benefits
- Dividend and interest income
- Income from the sale of property (capital gains)
- Rental income.

You may ask your employer to increase your withholding to cover the taxes on other types of income.

Estimated payments are due April 17, 2000; June 15, 2000; September 15, 2000 and January 15, 2001.

If you are a fiscal-year filer, the due dates are the same as your federal estimated payment due dates.

If you filed estimates for 1999, Treasury will send you personalized forms for 2000. Otherwise, request form MI-1040ES (see page 6).

Exceptions: If you owe more than \$500 you may not have to make estimate payments if you expect your 2000 withholding and credits to be at least:

- 90 percent of your total 2000 tax, **OR**
- 100 percent of your total 1999 tax. Total 1999 tax is the amount on 1999 form MI-1040, line 27, less the amount on lines 32 and 33.

Note: Estimates for taxpayers with incomes of \$150,000 or more for joint filers (\$75,000 or more for single filers), must equal 90 percent of the current year's liability or 105 percent of the previous year's liability.

Farmers, fishermen or seafarers may have to pay estimates, but have different filing options. If at least two thirds of your gross income is from farming, fishing or seafaring, you may:

- Delay paying your first 2000 quarterly installment (with form MI-1040ES) until as late as January 15, 2001 and pay the entire amount of your 2000 estimated tax due, **OR**
- File your 2000 MI-1040 return and pay the entire amount of tax due on or before March 1, 2001.

You are considered a farmer or fisherman if you file U.S. *Schedule F* or *Schedule C*. Wages earned as a farm employee or from a corporate farm do not qualify you for this exception. You are considered a seafarer if you meet the criteria for wages that cannot be withheld for taxes in Title 46, Shipping, USC, Sec. 11108.

RESIDENCY

Resident. You are a Michigan resident if Michigan is your permanent home. Your permanent home is the place you intend to return to whenever you go away. A temporary absence from Michigan, such as spending the winter in a southern state, does not make you a part-year resident.

Income earned by a Michigan resident in a nonreciprocal (See "Reciprocal States" on page 10) state or Canadian

province is taxed by Michigan, and may also be taxed by the other jurisdiction. If you pay tax to both, you can claim a credit on your Michigan return. See instructions for line 23 and the example on page 14.

Part-year resident. You are a part-year resident if, during the year, you move your permanent home into or out of Michigan. You must pay Michigan income tax on income you earned, received or accrued while living in Michigan.

Use Schedule NR and the following guidelines to help you figure your tax:

- Allocate your income from the date you moved into or out of Michigan.
- Bonus pay, severance pay, deferred income and any other amount accrued while a Michigan resident are subject to Michigan tax no matter where you lived when you received it.
- Deferred compensation and dividend and interest income are allocated to the state of residence when received.
- Part-year residents who lived in Michigan at least six months of the tax year may qualify for a homestead property tax credit. See information on page 17.

Nonresident. Use Schedule NR to figure your Michigan taxable income. You must pay Michigan income tax on the following types of income:

- Salary, wages and other employee compensation for work performed in Michigan, unless you live in a state covered by a reciprocal agreement (see page 10).
- Net rents and royalties from real tangible personal property in Michigan.
- Capital gains from the sale or exchange of real property located in Michigan, or of tangible personal property located in Michigan.
- Patent or copyright royalties if the patent or copyright is used in Michigan or if you have a commercial domicile in Michigan.
- Income (including dividend and interest income) from an S corporation, partnership or an unincorporated business or other business activity in Michigan.

RECIPROCAL STATES

ILLINOIS, INDIANA, KENTUCKY, MINNESOTA, OHIO and WISCONSIN have reciprocal agreements with Michigan that exempt nonresidents from income taxes imposed by each state on salaries, wages and other employee compensation. Michigan residents pay only Michigan income tax on their salaries and wages earned in any of these states. A Michigan resident can file a withholding form with an employer in a reciprocal state to claim exemption from that state's income withholding tax. The out-of-state income might make Michigan income tax estimate payments necessary. Some employers in reciprocal states will withhold Michigan income tax from salaries and wages they pay to Michigan residents. Residents of reciprocal states working in Michigan do not have to pay Michigan tax on salaries or wages earned in Michigan but do have to pay Michigan tax on business income derived from business activity in Michigan. A resident of a reciprocal state who claims a refund of Michigan withholding tax must file a *Michigan Nonresident and Part-Year Resident Schedule* (Schedule NR).

DECEASED TAXPAYERS

The estate of a taxpayer who died in 1999 (or 2000 before filing a 1999 return) must file if the taxpayer owes tax or is due a refund. A full-year exemption is allowed for a deceased taxpayer on the 1999 MI-1040 or MI-1040EZ. The surviving spouse or the personal representative may file the return.

The surviving spouse may file a joint return for 1999. Write your name and the decedent's name and both Social Security numbers on the MI-1040. Write "deceased" after the decedent's name. You must report the decedent's income. Sign the return. In the decedent's signature block, write "Filing as surviving spouse" and the decedent's date of death.

If you filed your federal returns as "married filing separately," you may file your Michigan returns the same way.

If, as a personal representative, you are claiming a refund for the decedent, you must attach a *Statement of Person Claiming a Refund Due a Deceased Taxpayer* (U.S. 1310) or *Michigan Claim for Refund Due a Deceased Taxpayer* (MI-1310). Enter on line 1 of the decedent's return the decedent's name and your name in the following order:

John Brown, Estate of
Jane Brown, Rep.

Use the decedent's Social Security number and your address. Enter the date of death in the signature block.

See the "Deceased Claimant" instructions (on page 20) for information about filing a credit claim for a deceased taxpayer.

AMENDED RETURNS

If you made a mistake on a return previously filed, correct it by filing an *Amended Michigan Individual Income Tax Return* (MI-1040X). If your amended return computes to a refund, you must file it within four years of the due date of your original return.

If a change on your federal return affects Michigan taxable income, you must file an MI-1040X with Michigan Department of Treasury within 120 days of the change. Include payment of any tax and interest due. If you have overpaid, use this form to request a refund.

You can also amend a homestead property tax credit or farmland preservation credit claim by filing a revised claim form clearly marked "amended." Attach a completed MI-1040X to the front of the amended credit form.

NET OPERATING LOSSES

The computation of a Michigan net operating loss (MNOL) and a Michigan net operating loss deduction (MNOLD) are revised for 1999. The deduction for a carryback or carryforward of a net operating loss is no longer limited to federal modified taxable income (FMTI).

The FMTI limitation for household income, however, is still in effect.

If you have a federal net operating loss deduction, you must add back the federal deduction on your MI-1040

Schedule 1, line 6, to the extent included in federal adjusted gross income. Compute your MNOL and MNOLD by completing an *Application for Michigan Net Operating Loss Refund* (form MI-1045). To claim a refund for a carryback deduction, you must file an MI-1045. Returns for tax years affected by carryforward deductions must have form MI-1045 attached to substantiate the deduction.

REPAYMENTS OF INCOME REPORTED IN A PRIOR YEAR

If you had to repay an amount of money in 1999 which you claimed as income in a previous year because you thought you had an unrestricted right to it (e.g., unemployment benefits), you may be entitled to a credit on your 1999 return for the tax paid in an earlier year.

If the repayment was deducted in arriving at AGI, no additional credit is allowed on the Michigan return because your income for the year was already reduced by the repayment amount. If the amount of the repayment was deducted on U.S. *Schedule A* or a credit was claimed on U.S. *1040*, line 63, a credit will be allowed on the Michigan return.

To compute your Michigan credit, multiply the amount you repaid in 1999 by the tax rate which was in effect the year you paid the tax. Then add the amount of the credit to the Michigan tax withheld on your MI-1040, line 34. Write the words "Claim of Right/Repayment" next to line 34.

Attach a schedule showing the computation of the Michigan credit, proof of the repayment, and the portion of your federal return showing the deduction or credit claimed under the "Claim of Right" to your MI-1040.

UNCLAIMED PROPERTY

The Michigan Department of Treasury is holding millions of dollars in abandoned and unclaimed property belonging to Michigan residents. To check if the Treasury Department is holding funds for you or your family, please visit our web site at: www.treasury.state.mi.us

Use Tax

If you have fulfilled your tax obligation for out-of-state purchases, check Box “a” on your 1999 MI-1040, line 30. If you are unsure, read the following.

Every state with a sales tax has a companion tax for purchases made outside the state. In Michigan, that tax is called the “use tax” but might be more aptly described as a remote sales tax because it is a 6 percent tax owed on sales made remotely (i.e., outside of Michigan). While many Michigan residents are not aware of the use (remote sales) tax, it has been on the books since the 1930s.

The law says that you owe this tax on purchases for “storage, use or consumption in Michigan of tangible personal property” from companies that do not collect Michigan sales or use tax. This includes mail order and Internet purchases as well as purchases while traveling in foreign countries and other states. You do not have to pay Michigan use (remote sales) tax if:

- Michigan sales or use tax was paid to the seller, or
- The seller charged another state’s sales tax (including local sales taxes) of at least 6 percent on purchases made while traveling in that state, or
- Purchases made outside Michigan in a calendar month did not exceed \$10. If total purchases for the month exceed \$10, then all purchases are subject to tax.

Use tax must be paid on the total price (including shipping and handling charges) of all taxable items purchased from out-of-state retailers who do not collect Michigan tax.

Items that are taxable. These items are taxable only if you have not already paid a tax of at least 6 percent. Examples of purchases subject to use (remote sales) tax include:

- Out-of-state catalog, Internet or mail order purchases (sporting goods, clothing, furniture, etc.).
- Purchases made outside of Michigan (appliances, electronic equipment, furs, furniture, etc.).

- Vacation/travel purchases (jewelry, artwork, etc., you purchase in another state or foreign country and have shipped to you in Michigan).

You do not have to pay use tax on grocery food items, prescription drugs or vitamins and most magazine subscriptions.

Businesses that collect use tax. An out-of-state business that does not have a store, warehouse or employees in Michigan does not have to register and collect Michigan use tax. However, many out-of-state businesses voluntarily collect use tax for their customers. Michigan tax must be itemized separately on the out-of-state seller’s invoice.

How To Pay Use Tax

Beginning with tax year 1999 you may pay use tax on your 1999 MI-1040, line 30. Using the Worksheet Calculation below, check the box on line 30 that applies to your situation and enter the amount of tax due, if any, on line 30.

WORKSHEET CALCULATION

Line 1: For purchases under \$1,000, if you know the amount multiply your total purchases times 6 percent (.06) and enter the amount on Line 1.

OR, for purchases under \$1,000, if you have incomplete or inaccurate receipts to calculate your purchases, you may use the Use Tax Table below to estimate your taxes. (See the example.)

Line 1 should contain a number unless you made no purchases under \$1,000 subject to the use tax.

Use Tax Table

“Remote Sales”

Adjusted Gross Income*	Tax
\$0-\$10,000	\$3
\$10,001-\$20,000	\$8
\$20,001-\$30,000	\$13
\$30,001-\$40,000	\$18
\$40,001-\$50,000	\$23
\$50,001-\$75,000	\$31
\$75,001-\$100,000	\$44
Above \$100,000	Multiply AGI by 0.05% (.0005)

* Adjusted Gross Income from MI-1040, line 10, or MI-1040EZ, line 7

Line 2: In all cases, if a single purchase exceeds \$1,000, you must pay 6 percent use tax on those purchases using Line 2. (See the example.)

Line 3: Total Use Tax due (total of Line 1 and Line 2).

Worksheet

Line 1: Itemized purchases under \$1,000 x 6 percent (.06) **OR**
Use Tax Table amount: \$_____

Line 2: Single purchases each over \$1,000 x 6 percent (.06): \$_____

Line 3:
Total Use Tax Due: \$_____
(Total of Line 1 and Line 2)

Enter amount from Line 3 above on your 1999 MI-1040, line 30, and check **Box “b.”**

Example: Kurt ordered a computer from a catalog retailer in New York for \$1,437.50. Kurt also purchased items over the Internet for less than \$1,000 during the year, but lost his receipts. He is sure he did not pay Michigan sales tax. Kurt’s adjusted gross income (AGI) is \$46,500. Kurt would complete the Worksheet as follows:

Line 1: Kurt selects \$23 from the table based on his AGI \$23.00

Line 2: Kurt enters
\$1,437.50 x 6 percent \$86.25

Line 3: Total use tax due \$109.25

Kurt would enter \$109 (no cents) on his 1999 MI-1040, line 30, and check **Box “b.”**

For more examples see our web site at: www.treasury.state.mi.us/faqs/usefaq.htm

Please note that using the Use Tax Table to estimate your taxes does not preclude the Michigan Department of Treasury from auditing your account. If it is determined that additional tax is due, you may receive an assessment for the amount of the tax owed, plus applicable penalty and interest.

Line-by-Line Instructions for Form MI-1040

Lines not listed are explained on the form.

Line 1: Only married filers may file joint returns.

Lines 2 & 3: Write your Social Security number(s) here even if using your label.

Check the box below your address if someone else prepares your return and you DO NOT need a book mailed to you next year. See "Important News for 1999" on page 5.

Line 5: State Campaign Fund. These funds are disbursed only to candidates for governor who agree to limit campaign spending and meet the campaign fund requirements, regardless of political party. Choosing "yes" will not raise your tax or reduce your refund.

Line 6: Only farmers, fishermen and seafarers should check this box (see page 9 for estimate filing information).

Line 7: Filing Status. Check the box to identify your filing status. If you file a joint federal return, you must file a joint Michigan return. Married couples who file separate federal returns may file a separate or joint Michigan return. If you are also claiming a homestead property tax credit or other tax credits, it may be easier to file a joint Michigan return because total (joint) household income is the basis for computing these credits. If your status is married, filing separately (box c), write your spouse's full name in the space provided and be

sure you write his or her Social Security number on line 3.

Line 8: Residency. Check the box that describes your Michigan residency for 1999. If you and your spouse had a different residency status during the year, check a box for each of you. Both part-year residents and nonresidents must file Schedule NR. If you were a part-year resident, list the dates you were a Michigan resident and complete Schedule NR. (For definition of residency, see page 9.)

Line 9: Exemptions. Use this line to compute the exemption amount for your allowable federal exemptions plus your Michigan special exemptions.

a and b) If your parents (or someone else) can claim you as a dependent on their return, check the box and complete the worksheet below.

d) Enter the number of exemptions you claimed on your U.S. 1040 or 1040A, line 6d. These exemptions are for you, your spouse (if filing joint) and your dependents.

e) Multiply the number of exemptions on line 9d by your exemption allowance of \$2,800 and enter that amount.

Special exemptions. Check only the boxes that apply to you or your spouse as of December 31, 1999.

f and g) Age 65 or older. You are considered age 65 the day before your 65th birthday. If you claim this exemption, you may not claim an exemption as totally and permanently disabled.

h and i) Deaf. You qualify for this exemption if the primary way you receive messages is through a sense other than hearing, for example, lip reading or sign language.

j and k) Disabled or blind. You qualify for this exemption if you are blind, hemiplegic, paraplegic, quadriplegic or totally and permanently disabled. Blind means your better eye permanently has 20/200 vision or less with corrective lenses, or your peripheral field of vision is 20 degrees or less. Totally and permanently disabled means disabled as defined under Social Security Guidelines 42 USC 416. If you are age 65 or older, you may not claim an exemption as totally and permanently disabled.

L) Unemployment compensation. Check this box if 50 percent or more of your combined AGI (MI-1040, line 10) is from unemployment compensation.

n and o) Child Care Deduction. You may deduct \$600 for each child 6 and under and \$300 for each child between 7 and 12 as of December 31, 1999, whom you claim as an exemption.

Line 10: Adjusted Gross Income (AGI). Enter your AGI from your federal return. This is the amount from your U.S. 1040, line 33; U.S. 1040A, line 18. You must attach copies of federal schedules that apply to you as explained in Table 1 on page 8. For Michigan adjustments to Federal AGI see form MI-1040 Schedule 1, page 25. Instructions for completing Schedule 1 can be found on page 15.

Line 17: Tax. Multiply the amount on line 16 by 4.4 percent (.044). Enter here and on line 18.

Worksheet for Filers Eligible to be Claimed as a Dependent on Someone Else's Return (for line 9c).

Is your adjusted gross income (the amount on line 10) over \$1,500 if single, or over \$3,000 if married filing jointly?

☐ YES. If single, enter "0" on line 9d and \$1,000 on line 9c.

☐ YES. If married and both you and your spouse can be claimed as dependents, enter "0" on line 9d and \$2,000 on line 9c.

☐ YES. If married and only one of you can be claimed as a dependent, enter "1" on line 9d, \$2,800 on line 9e, and \$1,000 on line 9c.

☐ No, then was Michigan income tax withheld from your wages?

☐ YES. Enter "0" on lines 9 and 27, and complete line 10 and lines 28 through 40 of this form.

☐ NO. You do not need to file this return.

Fiscal-Year Taxpayers (those with a tax year other than the calendar year), use the 4.4 percent tax rate. Attach a statement indicating your fiscal year dates to your MI-1040 return.

Line 19: City Income Tax Credit.

Everyone subject to Michigan income tax is allowed partial credit for income tax paid to Michigan cities. Use Table 2 below to compute the credit. Net city income tax paid in 1999 is the total of:

- City income tax withheld from wages in 1999 as reported on your W-2;
- Amount of tax paid with a Michigan city income tax return filed in 1999 (do not include penalty and interest);
- Estimated city income tax payments paid in 1999;
- Less any city income tax refund received in 1999.

19a: Enter your net city income tax paid in 1999.

19b: Enter your city income tax credit from Table 2.

Note: Treasury may request receipts for any credit claimed on lines 20, 21 and 22. Cancelled checks are not sufficient documentation.

Line 20: Public Contribution

Credit. A partial income tax credit is allowed when you donate to a qualifying Michigan public institution. The credit is based on cash donated or the value of the item(s) donated. Values claimed must be supported by written appraisals, trade journals, etc., or by an itemized receipt.

Gifts qualify for credit if given to:

- Michigan colleges or universities and their fund raising organizations
- The Michigan Colleges Foundation
- The State Art in Public Places Fund
- The State of Michigan Museum
- Michigan public libraries
- Michigan public broadcasting stations
- A Michigan municipality or a nonprofit corporation affiliated with a Michigan municipality and an art institute in that

municipality to benefit the art institute (art institutes are those whose primary function is the displaying and teaching of visual arts)

- The State of Michigan for the preservation of state archives.

Artwork created by the taxpayer also qualifies for credit if given to:

- The State of Michigan for display in a public place
- A Michigan municipality for public display.

Artwork is an original visual creation of quality in any size or shape, in any media, using any materials. Its fair market value must be determined by an independent appraiser when donated.

Line 20a: Enter the total amount of public contributions.

Line 20b: Enter the allowable credit which is the **smaller** of:

- 50 percent of the contribution reported on line 20a, or
- \$100 (\$200 for a joint return).

Line 21: Community Foundations Credit. A partial income tax credit is allowed when you donate to an

endowment fund of one of the certified community foundations or component funds listed on page 44. Enter the code number in the box on line 21. You must enter the proper code to receive credit.

Line 21a: Enter the total contribution amount.

Line 21b: Enter the allowable credit which is the **smaller** of:

- 50 percent of the contribution reported on line 21a, or
- \$100 (\$200 for a joint return).

Line 22: Homeless Shelter/Food Bank Credit. A partial income tax credit is allowed when a **donation** is made by cash or check to a qualifying shelter for homeless persons, a food bank, a food kitchen, or other entity whose **primary** purpose is to provide overnight accommodation, food, or meals to indigent persons. Donations to organizations such as secondhand stores and churches, which provide other services or shelter and food as a secondary purpose do not qualify for this credit.

TABLE 2: CITY INCOME TAX CREDIT WORKSHEET				
To Determine Net City Income Tax				
Step 1	Add:			
	• City income tax withheld from wages in 1999 (as shown in box 21 on your W-2s).....		.00	
	• Amount of tax paid with a Michigan city income tax return filed in 1999 (do <u>not</u> include penalty and interest).....	+	.00	
	• Estimated city income tax payments paid in 1999.....	+	.00	
	Subtotal.....		.00	
Step 2	Subtract:			
	• Any city income tax refunds received in 1999.....	-	.00	
	Total net city income tax paid. Carry to line 19a	=	.00	
	To Determine Your City Income Tax Credit			
	If Your Total Net City Income Tax Paid (MI-1040, line 19a) is :			
	\$100 or less	\$101 through \$150	\$151 or more	
Step 2	Net city income tax paid.....	.00	Net city income tax paid.....	.00
		x .20	Subtract.....	- \$100.00
	CREDIT. Carry to line 19b.....	.00		.00
			Multiply.....	x .10
				.00
			Add.....	+ 20.00
				.00
			Multiply.....	x .05
				.00
			Add.....	+ 25.00
			.00	
	Credit cannot be more than \$10,000.00	CREDIT. Carry to line 19b.....	.00	
		CREDIT. Carry to line 19b.....	.00	

Contributions qualifying for this credit must be all of the following:

- Cash or check;
- Made to organizations located in **Michigan** whose **primary** purpose is to provide food and shelter to indigent persons; and
- Deductible as a charitable contribution under the Internal Revenue Code (IRC).

Line 22a: Enter the total amount of cash contributions.

Line 22b: Enter the credit which is the **smaller** of:

- 50 percent of the contribution reported on line 22a, or
- \$100 (\$200 for a joint return).

Note: Contributions designated for a "qualifying organization" (community foundation, homeless shelter, or food bank) and made through United Way also qualify for this credit. If the credit is for a community foundation be sure to enter the appropriate two-digit code number on your MI-1040 (see page 44).

Line 23: Credit for Income Tax Imposed by Government Units Outside Michigan. Include the amount of income tax paid to:

- A nonreciprocal state (see page 10)
- A local government unit outside Michigan, including tax paid to local units located in reciprocal states
- The District of Columbia
- A Canadian province.

Include only income tax paid to another government unit(s) on income earned while you were a Michigan resident and taxed by Michigan.

Be sure to attach a copy of the return filed with the other government unit(s) to your MI-1040.

Do not include taxes paid on income you subtracted on lines 8-17 of MI-1040 Schedule 1 (i.e., rental or business income from another state, part-year resident wages, etc.). If you claim credit for Canadian provincial tax, you must file a *Resident Credit for Tax Imposed by a Canadian Province* (form C-4402RC). Attach copies of your *Canadian Federal Individual Tax Return* (form T-1), Canadian form T-4, *Computation of Foreign Tax Credit* (U.S. 1116) and U.S. 1040. Your credit is limited to the portion of your Canadian provincial tax not used as a credit on your U.S. 1040.

23a: Enter the total income tax paid to other government units. Attach a schedule showing the tax paid to each government unit, if you paid tax to more than one source.

23b: Credit amount. If more than one government unit is involved, compute the credit amount for each government unit separately. Then add the individual credit amounts and enter the total on line 23b. Figure your allowable credit as follows:

- Divide your non-Michigan income subject to tax by both states by your total income subject to Michigan tax (line 14); then
- Multiply the amount of tax shown on line 17 by the result.

Your credit cannot exceed the smaller of: 1) the amount of tax imposed by another government, OR 2) the amount of Michigan tax due on salaries, wages and other personal compensation earned in another state. See example.

EXAMPLE: Computing Michigan resident's credit for tax imposed by a government unit outside Michigan.

Michigan wages	\$18,000.00
Wages earned outside Michigan	12,000.00
U.S. Government bond interest	+ 1,000.00
Adjusted gross income (MI-1040, line 10)	31,000.00
U.S. Government bond interest	- 1,000.00
Total income subject to tax (MI-1040, line 14)	30,000.00
Percent of non-Michigan income to total (\$12,000/\$30,000)	40%
Taxpayer has 2 exemptions (2 x \$2,800.00)	-5,600.00
Taxable Income (MI-1040, line 16)	24,400.00
Tax 4.4% (.044) (MI-1040, line 17)	1,074.00
Tax imposed by a governmental unit outside Michigan. Enter this amount on your MI-1040, line 23a	700.00
Credit limit is 40% of 1,074.00. Enter this amount on your MI-1040, line 22b	\$ 430.00

Line 24: Michigan Historic Preservation Tax Credit.

Line 24a: Enter the amount from your 1999 *Historic Preservation Tax Credit* (form 3581), line 9.

Line 24b: Enter the amount from your 1999 form 3581, line 10e.

Line 25: Enter the college tuition and fees credit from Schedule CT, line 4.



Line 28: "FIGHT CHILD ABUSE." Your contribution is a key source of funding for child abuse/neglect prevention in your local community. Contributions fund respite care, parent education, pregnancy/newborn support services, support groups, local family resource councils, public education and outreach. **Make a difference in the life of a child...enter your contribution or \$10.** This will increase your tax due or reduce your refund. *Direct donations may also be sent by check to the Children's Trust Fund, P.O. Box 30037, Lansing, MI 48909.*



Line 29: Nongame Wildlife Fund. Your tax contributions are making a difference for Michigan's endangered animals, plants and their precious habitats. Funds are used to restore and manage populations of ospreys, peregrine falcons and wolves. Frogs and toads are helped through surveys. Bald eagle nesting sites are located through aerial surveys made possible by your dollars. Natural areas with their special wild plants, water resources and land forms that are homes for butterflies, fish and other wildlife are helped by these funds. Michigan's school teachers receive posters, teaching boxes, videos and outdoor learning site development. Please consider adding a donation to this **"FUND"** which is so valuable to Michigan's wildlife. **Just "Look For the Loon" on your state income tax form.** Check our web site: www.dnr.state.mi.us/wildlife/heritage/

Line 30: Use Tax. Check the box that applies to you and enter the appropriate amount on line 30. See use tax information on page 11.

Line 32: Property tax credit information begins on page 17.

Line 33: Farmland preservation credit applies to farmers only.

Line 34: Enter the total **Michigan** tax withheld from all of your W-2 forms. If applicable, include any credit for repayments under the "Claim of Right." See "Repayments of Income Reported in a Prior Year" on page 10.

Line 35: Payments. Enter the total estimated tax paid with your 1999 *Michigan Estimated Individual Income Tax Vouchers* (form MI-1040ES), the amount paid with an *Application*


for *Extension of Time to File Michigan Tax Returns*, and the amount of your 1998 overpayment applied to this year's tax (from 1998 MI-1040, line 36). See **special note** after line 37 instructions.

Line 37: Tax Due. If line 36 is less than line 31, enter the difference. This is the tax you owe with your return. If you owe penalty and interest for late filing, enter these amounts on the appropriate lines.

See page 8 "Penalty and Interest Added for Filing or Paying Late" for penalty and interest rates. Add penalty and interest to your tax due and enter the total on line 37. If you owe more than \$500 and are required to make estimated payments, see **special note** below. If the balance due is less than \$1, no payment is required, but you must still file your return. See "Pay" address on page 2 of your MI-1040 form.

Special note for people required to file estimates. You may owe penalty and interest for underpayment, late payment or for failing to pay estimates. Use the *Underpayment of Estimated Income Tax* (form MI-2210) to compute penalty and interest. If you do not file an MI-2210, Treasury will compute your penalty and interest and send you a bill. If you annualize your income, you must complete and attach an MI-2210. If you file form MI-2210, check the box on line 37a and enter the penalty and interest amounts on the lines provided.

Line 38: Your Refund. This includes any tax you overpaid and any credits due you. The state does not refund amounts less than \$1. Mail your return to the "Refund or Credit" address on page 2 of your MI-1040 form.

 **Direct Deposit.** Instead of receiving a check, you may request deposit of your refund directly into your account at a financial institution. Complete the *Direct Deposit of Refund* (form 3174) on page 27 and attach it behind your return. See "Attachments" on page 6.



SIGN YOUR RETURN

Each spouse must sign a joint return. If the preparer is someone other than the taxpayer, he or she must also sign the

return and enter the business name and address. Check a box to indicate if Treasury may discuss your return with your preparer.

You must attach all your credit claims and required Michigan and federal schedules (see Table 1, page 8). If you owe tax, enclose your payment, but do not staple it to the return. Checks stapled under the W-2 or to the back of the return may not be seen and may result in improper processing.

Signing a child's return. If a return is prepared for a child who is too young to sign it, a parent or guardian should sign the child's name, then add "by (your name), parent (or guardian) for minor child."

Line-by-Line Instructions for MI-1040 Schedule 1

Part-year and nonresidents, complete Schedule NR (see page 31) before proceeding.

Additions to Income

Line 1: Enter gross interest, dividends, and income from obligations or securities of states and their political subdivisions other than Michigan. Add this income even if it comes to you through a partnership, S corporation, estate or trust. You may reduce this income by related expenses not allowed as a deduction by Section 265(a)(1) of the IRC.

Line 2: Enter the deduction taken for **self-employment tax** on your federal return and for other taxes on or measured by income, such as your share of city income tax paid by partnerships or S corporations, or your share of the taxes paid by an estate or trust.

Line 3: Use Michigan form **MI-1040D** **only** if you have capital gains or losses attributable to: 1) an election to use Section 271 treatment for property acquired before October 1, 1967; 2) the sale or exchange of U.S. obligations which cannot be taxed by Michigan; or 3) the sale or exchange of property subject to allocation provisions.

If you reported gains on U.S. 4797 on property acquired before October 1,

1967, adjust the gain on Michigan form **MI-4797**.

Enter gains from the Michigan column of your MI-1040D, line 17, or MI-4797, line 18b. Instructions are with each form.

Line 4: Enter losses from a business or losses from property located in another state which you own as a sole proprietor, a partner in a partnership or as a shareholder in an S corporation. If your business is taxed by both Michigan and another state, the loss must be apportioned. Attach a *Schedule of Apportionment* (form MI-1040H).

Line 5: Enter the net loss from the federal column of your Michigan MI-1040D, line 18 or MI-4797, line 18b.

Line 6: Enter the total of the following (attach a schedule if necessary):

- Amount of net operating loss deduction (NOL carryforward) used to reduce AGI (see page 10).
- Net loss included in AGI from Michigan gas and oil royalty interest or working interest
- Refund received from a Michigan Education Trust (MET) contract. If you deducted the cost of a MET contract in previous years and received a refund from MET during 1999 because the MET contract was terminated and the beneficiary is not attending an institution of higher education, then enter the smaller of:
 - a. the refund you received, **OR**
 - b. the amount of the original MET contract price (including the application and processing fees) which you deducted in previous years.

If you financed your MET contract with a MET-secured loan, deducted the cost of that contract and then defaulted on the loan, enter the amount paid in 1999 by MET to repay the outstanding principal portion of your defaulted loan.

Subtractions From Income

Note: Part-year and nonresidents subtract only the amounts included in income attributable to Michigan (column B of Schedule NR) on all lines except line 11.

Line 8: Enter income from U.S. government obligations (Series EE bonds, Treasury notes, etc.), including income from U.S. government obligations received through a partnership, S corporation or trust. This subtraction must be reduced by interest expense on indebtedness incurred in carrying the obligation and by related expenses used to arrive at AGI.

Investment companies that invest in U.S. obligations are permitted to pass the tax-free exemption of such holdings to their shareholders. The shareholders are treated as owners of a proportionate share of the fund's assets.

If income from U.S. government obligations exceeds \$5,000, attach a copy of your U.S. *Schedule B* listing the amounts received and the issuing agency.

Capital gains from the sale of U.S. government obligations must be adjusted on Michigan form MI-1040D.

Line 9: Enter compensation received for active duty in the U.S. Armed Forces included in AGI. Include military retirement on line 12.

Note: A Michigan resident who receives compensation from the U.S. Public Health Service may not subtract the income as military pay.

Line 10: Enter the gains from the federal column of your Michigan form **MI-1040D, line 17, and MI-4797, line 18b**. Do not enter amounts from your federal forms. See instructions for MI-1040 Schedule 1, line 3.

Line 11: Income Attributable to Another State. Nonresidents and part-year residents, complete Schedule NR. See instructions on page 32. Attach federal schedules.

Business income from an activity that is taxable by Michigan and by another state must be apportioned. Complete and attach form MI-1040H.

Capital gains from the sale of real property located outside of Michigan must be adjusted on Michigan form MI-1040D.

Michigan residents cannot subtract salaries and wages or other compensation earned outside Michigan. However, you may be entitled to a tax credit for tax imposed by governmental units outside Michigan (see page 14).

Residents may subtract:

- Business income derived solely in other states and included in AGI, and
- Net rents and royalties from real property located or used in another state.

Line 12: Qualifying retirement and pension benefits included in your AGI may be subtracted from income. The amount you may subtract depends on the source of the benefit. Qualifying benefits include:

- Pension plans that define eligibility for retirement and set contribution and benefit amounts in advance
- Qualified retirement plans for the self-employed
- Distributions from a 401(k) plan attributable to employer contributions or attributable to employee contributions to the extent they result in matching contributions by the employer
- IRA distributions received after age 59 1/2 or described by Section 72(t)(2)(iv) of the IRC
- Benefits paid to a senior citizen (age 65 or older) from a retirement annuity policy which are paid for life (as opposed to a specified number of years)
- Benefits from any of the previous received as a surviving spouse.

You may subtract **all** pension benefits included in AGI received from the following public sources:

- The State of Michigan
- Michigan local governmental units (e.g., Michigan counties, cities and school districts)
- Tier 1 and 2 railroad retirements
- Federal civil service
- Military retirement from the U.S. Armed Forces.

If all retirement and pension benefits were received from public sources listed above, enter the total of all benefits on line 12.

If all retirement and pension benefits were received from private sources, enter the smaller of:

- The total of all private pensions included in AGI, or
- \$34,170 if you are a single filer, \$68,340 if you are married, filing jointly.

If you received a combination of public and private retirement and pension benefits, follow these steps to compute your deduction:

Step 1: Add all public retirement benefits included in AGI.

Note: If your public retirement benefits are greater than the amounts indicated you are not entitled to claim a subtraction for private pensions.

Step 2: If you are a single filer, deduct the amount in step 1 from \$34,170. If you are married filing jointly, deduct the amount in step 1 from \$68,340.

Step 3: Add all private pensions included in AGI.

Step 4: Determine which is smaller, the amount computed in step 2 or the amount computed in step 3.

Step 5: Add the amount computed in step 1 to the amount determined in step 4 and enter the total on line 12. See Example A on the back of Schedule 1 on page 26.

You may not subtract:

- Amounts received from a deferred compensation plan that lets the employee set the amount to be put aside and does not set retirement age or requirements for years of service. These plans include, but are not limited to plans under Section 457 and distributed under Section 401(k) of the Internal Revenue Code.
- Amounts received before the recipient could retire under the plan provisions, including amounts paid on separation, withdrawal or discontinuance of the plan.
- Amounts received as early retirement incentives, unless the incentives were paid from a pension trust.

Line 13: Senior citizens (age 65 or older) may subtract interest, dividends and capital gains included in AGI. This subtraction is limited to a maximum of \$7,620 on a single return or \$15,240 on a joint return. However, the maximum must be reduced by the pension subtraction. See Example B on the back of Schedule 1 on page 26.

Line 14: Enter only the taxable portion of Social Security benefits included on your U.S. *1040*, line 20b, or your U.S. *1040A*, line 13b. Do not include your total Social Security benefits.

Line 15: Renaissance zone deduction. To be eligible you must meet all the following requirements:

- Be a permanent resident of a renaissance zone for at least 183 days.
- Must not be delinquent for any state or local taxes abated by the Renaissance Zone Act.
- Must file an MI-1040 each year.
- Have gross income of not more than \$1 million.

If you were a full-year resident of a renaissance zone you may subtract all earned income. Unearned income such as capital gains may have to be prorated. If you lived in the zone at least 183 days during 1999, you may subtract the portion of income earned while a resident of the zone. Complete and attach a Schedule NR to your MI-1040.

(See "Special Note" on the back of Schedule NR, page 32.) For additional information regarding qualifications for the renaissance zone deduction call 1-800-367-6263 and request the *Renaissance Zone Information for Individuals* brochure (form 3292).

You may also call the Michigan Tele-Help System (1-800-827-4000) and listen to topic #293.

Line 16: You may subtract Michigan state and city income tax refunds and homestead property tax credit refunds that were included in AGI.

Note to farmers: You may subtract (to the extent included in AGI) the amount that your state or city tax refund and homestead property tax credit exceeds the business portion of your homestead property tax credit.

Line 17: Allowable miscellaneous subtractions include:

- Contributions to national or Michigan political parties or candidates. The maximum deduction is \$50 on a single return and \$100 on a joint return.
- Benefits from a discriminatory self-insured medical expense reimbursement plan, to the extent these reimbursements are included in AGI.
- Proceeds and prizes won in State of Michigan regulated bingo, raffle or

charity games to the extent included in AGI.

- Amount of salary and wage expense that cannot be deducted on your federal return because you are claiming a work opportunity credit, clinical testing (orphan drug) credit or research credit. Attach a copy of U.S. *Work Opportunity Credit* (form 5884), *Credit for Increasing Research Activities* (form 6765), or *Orphan Drug Credit* (form 8820) to substantiate this subtraction.
- Losses from the disposal of property reported in the Michigan column of Michigan form MI-1040D, line 18, or MI-4797, line 18b.
- Amount used to determine the credit for elderly or totally and permanently disabled from U.S. *Schedule R*, line 19, or U.S. *1040A Schedule 3*, line 19.
- Michigan net operating loss deduction. Attach MI-1045. See page 10.
- Net income included in AGI from Michigan gas and oil royalty interest or working interest.
- If you purchased a Michigan Education Trust (MET) contract during 1999, you may deduct the total contract price (including application and processing fees).
- If you purchased a MET payroll deduction or monthly purchase contract, you may deduct the amount paid on that contract during 1999 (not including fees for late payments or insufficient funds). You should receive an annual statement from MET specifying this amount.
- If you purchased a MET contract between 1988 and 1990 with a MET-secured loan and have not previously deducted the total contract price paid, you may deduct the principle amount paid on the secured loan during 1999.
- Amount of taxable benefits the **purchaser** received and included in AGI during 1999 because the MET contract was terminated to attend a private school or out-of-state school, or the beneficiary (student) did not attend school. The beneficiary cannot claim this subtraction.

You may not subtract:

- Itemized deductions from U.S. *Schedule A*.
- Sick pay, disability benefits and wage continuation benefits paid to

you by your employer or by an insurance company under contract with your employer.

- Unemployment benefits included in AGI, except railroad unemployment benefits.
- Distributions from a deferred compensation plan received while a resident of Michigan.
- Lottery winnings. (Exception: installment payments from prizes won on or before December 30, 1988 may be subtracted.)

General Information for Homeowners and Renters About the Homestead Property Tax Credit (MI-1040CR)

Who may claim a property tax credit

You may claim a property tax credit if all of these apply:

- Your homestead is located in Michigan.
- You were a Michigan resident at least six months of 1999.
- You pay property taxes or rent on your Michigan homestead.

You can have only one **homestead** at a time, and you must be the occupant as well as the owner or renter. Your homestead can be a rented apartment, or a mobile home and a lot in a mobile home park. A vacation home or income property is not considered your homestead.

Your homestead is in your state of **domicile**. Domicile is the place where you have your permanent home. It is the place you plan to return to whenever you go away. Even if you spend the winter in a southern state, your domicile is still Michigan. College students and others whose permanent homes are not in Michigan are not Michigan residents. Domicile continues until you establish a new permanent home.

Property tax credit claims may not be submitted on behalf of minor children. Any public assistance benefits paid to a minor must be included in the household income of the parents when computing their credits.

You may not claim a property tax credit if your household income is over \$82,650. The computed credit is reduced by 10 percent for every \$1,000 (or part of \$1,000) that household income exceeds \$73,650. If filing a part-year return, you must annualize household income to determine if the income limitation applies. See instructions for annualizing on page 22.

Which form to file

Use form MI-1040CR in this book. If you are blind and own your homestead, are in the active military, are an eligible veteran or an eligible veteran's surviving spouse, request form MI-1040CR-2 and complete both forms. **Use the form that gives you a larger credit.** If you are blind and rent your homestead, you cannot use the MI-1040CR-2. Claim your credit on form MI-1040CR and check box 7b.

The request for your Social Security number is authorized under USC Section 42. Social Security numbers are used by the Michigan Department of Treasury to conduct matches against benefit income provided by the Social Security Administration and other sources to verify the accuracy of the home heating credit and property tax credit claims filed and to deter fraudulent filing(s).

When to file

If you do not have to file a Michigan income tax return (form MI-1040), you may file your credit claim as soon as you know your 1999 household income and property taxes levied in 1999. If you file a Michigan income tax return, your credit claim should be attached to your MI-1040 return which is due April 17, 2000.

Amending your claim

Use the MI-1040X form and attach a copy of your corrected credit claim. You must do this within four years of the date set for filing your original income tax return.

Delaying payment of your property taxes

Some senior citizens, disabled people, veterans, surviving spouses of veterans, and farmers may be able to delay paying property taxes. It depends

on the county in which you live and your income level. **Contact your local or county treasurer for more information about delaying payment of your property taxes.**

Household income

Household income is the total income (taxable and nontaxable) of both spouses or of a single person maintaining a household. It is your AGI, plus all income exempt or excluded from AGI. See "Married, filing separately" and "Single adults sharing a home" on page 20.

Household income does NOT include:

- Stipends received by an enrolled participant in the **foster** grandparent or senior companion program pursuant to the Domestic Volunteer Service Act of 1973.
- Energy assistance grants or energy assistance tax credits.
- Government payments to a third party (i.e., a doctor).

Note: If payment is made from money withheld from your benefit, the payment is part of household income. (For example, the Family Independence Agency may pay your rent directly to the landowner.)

- Money received from a government unit to repair or improve your homestead.
- Surplus food.
- State and local income tax refunds and homestead property tax credits.
- Chore service payments. (These payments are income to the provider but not the person receiving the service.)
- The first \$300 from gambling, bingo, lottery, awards or prizes. For example, if you win \$500 in a church raffle, you must include \$200 of this in your household income.
- The first \$300 in gifts, cash or expenses paid on your behalf by a family member or friend.
- Amounts deducted from Social Security or railroad retirement benefits for Medicare premiums.
- Life, health and accident insurance premiums paid by your employer. However, if you pay medical insurance or health maintenance

organization (HMO) premiums for you or your family, you may deduct the cost from household income.

- The gain postponed on the sale of your personal residence. (Exception: see instructions for line 18 on page 21.)

Property taxes that can be claimed for credit

Ad valorem property taxes that were levied on your homestead in 1999, including collection fees up to 1 percent of the taxes, can be claimed no matter when you pay them. You may add to your 1999 taxes the amount of property taxes billed in 1999 from a corrected or supplemental tax bill. You must deduct from your 1999 property taxes any refund of property taxes received in 1999 that was a result of a corrected tax bill from a previous year.

Do not include:

- Delinquent property taxes (e.g., 1998 property taxes paid in 1999)
- Penalty and interest on late payments of property tax
- Delinquent water or sewer bills
- Property taxes on cottages or second homes
- Special assessments (for drains, sewers, etc.) that are not based on taxable value or are not applied to the entire taxing jurisdiction.

Home used for business. If you use part of your home for business, you may claim the property taxes on the living area of your homestead, but not the property taxes on the portion used for business. This applies whether or not you claim the property taxes on a federal business schedule.

Owner-occupied duplexes. When both units are equal, you are limited to 50 percent of the tax on both units. This is true even if 20 percent of the rent paid on the rental is less than 50 percent of the property taxes.

Owner-occupied income property. This section applies to apartment building owners who live in one of the units and to single family homeowners who rent a room(s) to a tenant(s). Owners must do two calculations to figure the tax that can be claimed and base their credit on the **lower** amount. The first calculation subtracts 20 percent of the rent collected from the tax eligible for credit. The second calculation reduces the tax eligible for credit by the

amount of tax claimed as a business deduction on your U.S. 1040.

For example, your home has an upstairs apartment that is rented to a tenant for \$395 a month.

Total property taxes on your home are \$2,150. The calculations are as follows:

Step 1: $\$395 \times 12 = \$4,740$ annual rent
 $\$4,740 \times .20 = \948 taxes attributable to the apartment
 $\$2,150$ total taxes - $\$948 =$
 $\$1,202$ taxes attributable to owner's homestead

Step 2: $\$2,150$ total taxes - $\$858$ taxes claimed as a business deduction = $\$1,292$ taxes attributable to homestead

The owner's taxes that can be claimed for credit are \$1,202, the smaller of the two computations.

Farmers. You may include farmland taxes in your property tax credit claim if any of the following conditions apply:

- If your gross receipts from farming are greater than your household income, you may claim all of your farmland taxes including taxes on unoccupied farmland. Do not include taxes on farmland that is not adjacent or contiguous to your home and that you rent or lease to another person.
- If gross receipts from farming are less than your household income and you have lived in your home more than 10 years, you may claim the taxes on your home and the farmland adjacent and contiguous to your home.
- If gross receipts from farming are less than your household income and you have lived in your home less than 10 years, you may claim the taxes on your home and five acres of farmland adjacent and contiguous to your home.

You may not claim rent paid for vacant farmland when computing your property tax credit claim.

Include any farmland preservation tax credit in your household income. Enter the amount of credit you received in 1999 on line 19 or include it in net farm income on line 17.

Homestead property tax credits are not included in household income. If you included this amount in your taxable farm income, you may subtract it from household income.

Rent that can be claimed for credit

Twenty percent of rent paid is considered property tax that can be claimed for credit, except as explained below. See "ALTERNATE PROPERTY TAX CREDIT FOR RENTERS AGE 65 OR OLDER" on page 22.

If you live in housing on which **service fees** are paid instead of taxes, 10 percent of your rent can be claimed for credit. If the landowner says your tax share is less than 10 percent, use the amount the landowner gives you.

If your housing is **exempt** from property tax and no service fee is paid, you are not eligible for credit. This includes university or college-owned housing.

If your **housing costs are subsidized**, base your claim on the amount you pay. Do not include the federal subsidy amount.

Mobile home park residents, claim the \$3 per month specific tax on line 9, plus 20 percent of the balance of rent paid on line 10.

If you are a **cooperative housing corporation resident member**, claim your share of the property taxes on the building. If you are one of the few who lives in a cooperative where residents pay rent on the land where the building sets, residents may also claim 20 percent of that land rent. (Do not take 20 percent of your total monthly payment.)

When you pay **room and board in one fee**, the landowner should be able to exclude the board portion of your payment and tell you the amount that goes toward your room. You may claim 20 percent of your room rent as taxes.

You may also determine your tax that can be claimed for credit based on square footage. For example, you pay \$750 a month for room and board. You occupy 600 square feet of a 62,000 square foot apartment building. The landowner pays \$54,000 in taxes per year.

Step 1: $600/62,000 = .0097$

Step 2: $\$54,000 \times .0097 = \524 taxes you can claim for credit.

Special Situations

If you moved in 1999

Residents who lived temporarily outside Michigan may qualify for a credit as long as Michigan remained their state of domicile. However, personal belongings and furnishings must have remained in the Michigan homestead AND the homestead must not have been rented or sublet during the temporary absence. (See the definitions of resident on page 9 and domicile on page 17.)

If you bought or sold your home, you must prorate your taxes. Complete form MI-1040CR, lines 37-43, to determine the taxes that can be claimed for credit. Use only the taxes levied in 1999 on each Michigan homestead, then prorate taxes based on days of occupancy. Do not include taxes on out-of-state property.

If you married during 1999, combine each spouse's share of taxes or rent for the period of time he or she lived in separate homesteads. Then add the prorated share of taxes or rent for the time you lived together in your marital home. This only applies to homes located in Michigan and to couples who married during 1999.

Part-year residents who lived in Michigan at least six months during the year may be entitled to a partial credit. If you are a part-year resident, you must include all income received as a Michigan resident in household income (line 30). Complete MI-1040CR, lines 37-43, to determine the taxes to claim for credit on your Michigan homestead.

Residents of nursing homes and other adult care homes

If you are a resident of a nursing home, adult foster care home or home for the aged, that facility is considered your homestead. If the facility pays local property taxes (many do not), you may claim your portion of those taxes for credit. You may not claim rent. Ask the manager what your share is. If you would rather figure it yourself, divide the amount of property tax levied on the facility in 1999 by the number of residents the facility is licensed for. This is your share. If both you and your spouse live in the facility, add your shares together. If you lived in the facility only part of the year, multiply

this amount by the portion of the year you lived at the facility.

(Exception: Credit is not allowed if your facility care charges are paid directly to the facility by a government agency.)

If you maintain a homestead and your spouse lives in an adult care home, you may file a joint credit claim.

Combine the tax for your homestead and your spouse's share of the facility's property tax to compute your claim. If you are single and maintain a homestead (that is not rented to someone else) while living in an adult care home, you may claim either your homestead or your share of the facility's property tax, but not both. Use the one that gives you the larger credit.

Deceased claimant's credit

The estate of a taxpayer who died in 1999 (or 2000 before filing a claim) may be entitled to a credit for 1999. The surviving spouse or personal representative can claim this credit.

The surviving spouse may file a joint claim with the deceased. Enter both names and Social Security numbers on the form, and write "deceased" after the decedent's name. Sign the return and write "Filing as a surviving spouse" and the decedent's date of death in the decedent's signature block. Include the decedent's income in household income.

The personal representative must prorate taxes to the date of death. Complete lines 39-43 of the MI-1040CR, to help prorate the property taxes. Annualize household income. See instructions for lines 31 and 36 on page 22. Attach a copy of the tax bills or rent receipts. Also submit a copy of U.S. 1310 or an MI-1310.

Enter on line 1 of the decedent's claim the names of the decedent and personal representative in the following order:

Joe Lane, Estate of
Mary Jones, Rep.

Use the decedent's Social Security number and the personal representative's address. Enter the date of death in the signature block.

If you are separated and file a joint return with your spouse, your claim

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must be based on the tax or rent for 12 months on only one home. The household income must be the combined income of both you and your spouse for the entire year.

If you file separate federal and state returns and maintain separate homesteads, you may each claim a credit. Each credit is based on the individual taxes or rent and individual income for each person.

If you separated or divorced in 1999, figure your credit based on the taxes you paid together before your separation plus whatever taxes you paid individually after your separation. Attach a schedule showing your computation. The brochure *Homestead Property Tax Credit for Separated or Divorced Taxpayers* (form C-4354) contains a worksheet to help you compute your credit.

For example, Bob and Susan separated on October 2, 1999. The annual taxes on the home they owned were \$1,860. Susan continued to live in the home, and Bob moved to an apartment on October 2 and paid \$350 per month rent for the rest of the year. Susan earned \$20,000 and Bob earned \$25,000. They lived together for 274 days.

Step 1: Determine the prorated income for each spouse for the 274 days they lived together. Divide each spouse's total income by 365 days then multiply that figure by 274.

Susan $(\$20,000/365) \times 274 = \$15,014$
Bob $(\$25,000/365) \times 274 = \$18,768$

Step 2: Add both prorated incomes together to determine the total income for the time they lived together.

$\$15,014 + \$18,768 = \$33,782$

Step 3: Divide each individual's prorated share of income by the total income from step 2 to determine the percentage of income attributable to each.

Susan $\$15,014/\$33,782 = 44\%$
Bob $\$18,768/\$33,782 = 56\%$

Step 4: Determine the prorated taxes eligible for credit for the time they lived together. Divide the \$1,860 by 365 days then multiply by 274 days.

$(\$1,860/365) \times 274 = \$1,396$

Step 5: Determine each individual's share of the prorated taxes. Multiply the \$1,396 by the percentages determined in step 3.

Susan $\$1,396 \times 44\% = \614

Bob $\$1,396 \times 56\% = \782

Enter these amounts on your MI-1040CR, line 42, column A.

Susan uses lines 39-42, column B, to determine her share of taxes for the remaining 91 days.

Bob uses lines 44-45 to determine his share of rent. Each completes the remaining lines of the MI-1040CR according to the line-by-line instructions.

Married, filing separately

Spouses who file separate Michigan income tax returns and share a household are entitled to only one property tax credit. Complete your property tax credit claim jointly and include income from both spouses in household income. You may then divide the credit as you wish. If each spouse claims a portion of the credit, attach a copy of the claim showing each spouse's share of the credit to each income tax return. Enter only your portion of the credit on MI-1040, line 32.

Single adults sharing a home

When two or more single people share a home, each may file a credit claim if each has contracted to pay rent or owns a share of the home. Each should file an individual claim based on his or her household income and prorated share of taxes or rent paid.

Line-by-Line Instructions for Form MI-1040CR

Lines not listed are explained on the form.

IDENTIFICATION

Lines 1, 2 and 3: If you are filing this form with an income tax return (MI-1040), you do not need to enter your address on this form, but you must enter your name(s) and Social Security number(s). If you are married filing separate claims enter both Social Security numbers, but do not enter your spouse's name.

Line 5: If you and your spouse had a different residency status, mark the box that applies to each spouse.

Line 6: Enter your age. You are a senior citizen if you or your spouse was age 65 by December 31, 1999, or

if you are the surviving spouse of a person who was age 65 or older at the time of death. You are considered age 65 the day before your 65th birthday.

Line 7: Check box "a" if you or your spouse is paraplegic, quadriplegic or hemiplegic as of December 31, 1999.

Check box "b" if you or your spouse is totally and permanently disabled as of December 31, 1999 (as defined under Social Security Guidelines 42 USC 416). Do not check box "b" if you or your spouse is a senior citizen.

PROPERTY TAX AND HOUSEHOLD INCOME

Include all taxable and nontaxable income you and your spouse received as Michigan residents in 1999. If your family lived in Michigan while one spouse earned wages outside Michigan, include the income earned out of state in your household income. (See "Household income" and "Property taxes that can be claimed for credit" on page 18.)

Line 8: If you own your homestead, enter the 1999 taxable value from your 1999 property tax statement. If you do not know your taxable value, ask your local treasurer. Farmers should include the taxable value on all land that qualifies for this credit.

Line 9: Read "Property taxes that can be claimed for credit" on page 18 before you complete this line.

Line 13: Enter all compensation received as an employee. Include strike pay, supplemental unemployment benefits (SUB pay), deferred compensation received, sick pay or long-term disability benefits, including income protection insurance.

Line 15: Enter the sum of the amounts from the following U.S. forms: *Schedule C* (business income or loss); 4797 (other gain or loss); and *Schedule E* (rents, royalties, partnerships, S corporations, estates and trusts). Include amounts from sources outside Michigan. **Attach these schedules to your claim.**

Line 16: Enter all annuity, pension and IRA benefits and the name of the payer. This should be the taxable amount shown on your U.S. 1099-R. If no taxable amount is shown on your U.S. 1099-R, use the gross amount. Enter zero if all of your distribution is from your contributions made with income previously included in adjusted

gross income. The amount you are reporting should include reimbursement payments such as an increase in a pension to pay for Medicare charges. Also include the total amount of any lump sum distribution including amounts reported on your U.S. 4972.

Line 17: Enter the amount from U.S. *Schedule F* (farm income or loss). Attach *Schedule F*.

Line 18: Enter all capital gains. This is the total of short and long-term gains, less short and long-term losses from your U.S. *Schedule 1040D*, line 17 (for gains) or line 18 (for losses). Include gains realized on the sale of your residence regardless of your age or whether or not these gains are exempt from federal income tax. Do not include deferred gains from the sale of a residence when the proceeds are reinvested in a new home (in accordance with IRC section 1034).

Line 19: Enter alimony received and describe any other taxable income.

This includes:

- Awards, prizes, lottery, bingo and other gambling winnings over \$300 (see "Household income" on pg. 18)
- Farmland preservation tax credits, if not included in farm income on line 17.

Line 20: Enter your Social Security, Supplemental Security Income (SSI) and Railroad Retirement benefits. Include death benefits and amounts received for minor children or other dependent adults who live with you. Report the amount actually received. Do not include the amount deducted for Medicare.

Line 21: Enter child support received. Also enter all payments received as a foster parent. **Note:** If you received a 1999 *Child Support Annual Statement* showing child support payments paid to the Friend of the Court, enter the child support portion here and attach a copy of the statement. Also see line 25.

Line 23: Enter other nontaxable income. This includes:

- Compensation for damages to character or for personal injury or sickness;
- An inheritance (exclude an inheritance from your spouse);
- Proceeds of a life insurance policy paid on the death of the insured

(exclude benefits from a policy on your spouse);

- Death benefits paid by or on behalf of an employer;
- The value over \$300 in gifts of cash, merchandise or expenses paid on your behalf (rent, taxes, utilities, food, medical care, etc.) from parents, relatives or friends;
- Minister's housing allowance;
- Amounts paid directly to you as a scholarship, stipend, grant or GI bill benefits; and
- Reimbursement from dependent care and/or medical care spending accounts.

Also include payments made on your behalf except government payments made directly to an educational institution or subsidized housing project.

Line 24: Enter workers' compensation benefits received, service-connected disability compensation benefits and pension benefits received from the Veterans Administration. Veterans receiving retirement benefits should enter their benefits on line 16.

Line 25: Enter the total payments made to your household by the Family Independence Agency (FIA) and all other public assistance payments. Your 1999 *Annual Statement(s)* mailed by FIA in January 2000 will show your total FIA payments. Your statement(s) may include the following: Family Independence Program assistance (FIP), State Disability Assistance (SDA), State Family Assistance (SFA), Refugee Assistance, Repatriate Assistance and vendor payments for shelter, heat and utilities. **Note:** If you received a 1999 *Child Support Annual Statement*, subtract the amount of child support payments entered on line 21 from the total FIA payments and enter the difference here.

Line 27: Enter total adjustments from your U.S. 1040, line 32, or U.S. 1040A, line 17. Describe any adjustments to income.

These adjustments reduce household income:

- Payments to an individual retirement account (IRA); Keogh (HR 10), SEP, or SIMPLE plans;

- Student loan interest deduction;
- Medical savings account deduction;
- Moving expenses;
- Deduction for self-employment tax;
- Self-employed health insurance deduction;
- Forfeited interest penalty for premature withdrawal;
- Alimony paid.

Also enter the amount of a net operating loss (NOL) deduction.

Note: A deduction for a carryback or carryforward of an NOL cannot exceed federal modified taxable income. Attach your *Application for Net Operating Loss Refund* (form MI-1045).

Line 28: Enter medical insurance or HMO premiums you paid for yourself and your family (NOT MEDICARE). Include medical insurance premiums paid through payroll deduction. Include the portion of auto insurance paid for medical coverage. Do not include insurance premiums deducted on line 27 or amounts paid for income protection insurance.

PROPERTY TAX CREDIT

Line 31: Multiply line 30 by 3.5 percent (.035) or the percentage from Table 3 below. **This is the amount that is not refundable.** The personal representative claiming a credit for a deceased taxpayer with household income of \$6,000 or less must annualize the decedent's income and

use the annualized figure to determine the nonrefundable percentage from Table 3 on this page. Then use the actual household income to compute the credit. See instructions for annualizing on this page.

Line 36: Taxpayers with household income over \$82,650 (line 30) are not eligible for credit in any category. The computed credit is reduced by 10 percent for every \$1,000 (or part of \$1,000) that your household income exceeds \$73,650. If you are filing a part-year return (for a deceased taxpayer or a part-year resident), you must annualize the household income to determine if the credit reduction applies. If the annualized income is more than \$73,650, use actual household income to compute the credit; then reduce the credit 10 percent for every \$1,000 (or part of \$1,000) that your annualized income exceeds \$73,650. The surviving spouse filing a joint claim does not have to annualize the deceased spouse's income.

To annualize income (project what it would have been for a full year):

Step 1: Divide 365 by the number of days the claimant lived or was a Michigan resident in 1999.

Step 2: Multiply the answer from step 1 by the claimant's household income (line 30). The result is annualized income.

RENTERS

See "Rent that can be claimed for credit" on page 19.

Line 44: If you rented a Michigan homestead subject to local property taxes, enter the street number and name, city, landowner's name and address, number of months rented, rent paid per month and total rent paid. Do this for each Michigan homestead rented during 1999. If you need more space, attach an additional sheet. Do not include more than 12 months' rent. Do not include amounts paid directly to the landowner on your behalf by a government agency.

CREDIT PRORATION

If you received Family Independence Program assistance (FIP) or other FIA benefits in 1999, your credit must be prorated to reflect the ratio of income from other sources to total household income.

ALTERNATE PROPERTY TAX CREDIT FOR RENTERS AGE 65 OR OLDER

Line 56: Enter the rent paid from line 45 or, if you live in service fee housing, line 47. If you moved from one rental homestead to another during the last two years, enter here the smaller of:

- The final month's rent on your previous rented homestead multiplied by 12, **OR**
- The actual rent paid from line 45 or 47.

TABLE 3: PERCENT OF TAXES NOT REFUNDABLE

Claimant Category:		To Qualify for Credit, Your Property Tax Must Exceed:	
	<u>Income</u>		<u>% of Income</u>
All General Claimants	\$0 - \$82,650		3.5%
Other Claimants*	\$3,000 or less		0%
	\$3,001 - \$4,000		1%
	\$4,001 - \$5,000		2%
	\$5,001 - \$6,000		3%
	More than \$6,000		3.5%

*Other claimants are senior citizens and people who are paraplegic, hemiplegic, quadriplegic and totally and permanently disabled.

EXAMPLE A: Computing pension deduction.

John and Karen Jones file jointly and received the following income during the 1999 tax year:

Michigan Public School Retirement System	\$12,000
Military Retirement Pay	\$ 8,000
General Motors Retirement Program	\$20,000
IRA Distribution	\$ 4,000

John and Karen are allowed to deduct the entire amount of pension income they receive from public/military retirement systems in determining Michigan taxable income. However, the maximum allowable private pension deduction must be reduced by the amount of public/military pension income claimed as a deduction.

Determining the private pension deduction:

Step 1: Add all public and military retirement benefits together. $\$12,000 + \$8,000 = \$20,000$

Step 2: Deduct the amount calculated in step 1 from \$68,340
(use \$34,170 if a single filer). $\$68,340 - \$20,000 = \$48,340$

Step 3: Combine the total amount of private pension income including IRAs. $\$20,000 + \$4,000 = \$24,000$

Step 4: Determine which is smaller: the amount computed in step 2 or step 3.

The \$24,000 from step 3 is smaller and is the allowable private pension deduction.

Step 5: Determine the total pension deduction by adding the amounts computed in step 1 and step 4.

Total public and military pension income	\$20,000
Total allowable private pension deduction	24,000
Total 1999 pension deduction. Enter on MI-1040 Schedule 1, line 12	\$44,000

EXAMPLE B: Senior Citizen Interest, Dividend, Capital Gains Deduction

Joe and Susan are both 67 and file jointly. They received the following income during the tax year 1999:

Capital Gains	\$10,000
Pension	\$ 2,000
Social Security	\$ 4,800
Dividends	\$ 500
Interest	\$ 2,000

They may deduct the \$2,000 pension on their MI-1040 and the senior citizen interest, dividend and capital gains income as shown in steps 1 through 3 below.

Determining the interest, dividend and capital gains deduction:

Step 1: Add all capital gains, dividends and interest income:

Capital Gains	\$10,000
Dividends	500
Interest	2,000
Total	\$12,500

Step 2: Subtract pension from the maximum capital gains, dividends and interest deduction of \$15,240 for joint filers (\$7,620 for single filers).

Maximum Deduction Amount	\$ 15,240
Less Pension Subtraction	(2,000)
Total	\$ 13,240

Step 3: Total interest, dividend and capital gains deduction is the smaller of the calculation from step 1 or step 2; \$12,500 is the allowable deduction. Enter this amount on MI-1040 Schedule 1, line 13.

When to File a Single Business Tax Return

Single Business Tax (SBT) is a tax on business activity conducted in Michigan. You (individuals) are required to file a single business tax return **IF** you have business activity in Michigan and your adjusted gross receipts are \$250,000 or greater for the 1999 tax year. Business activity is indicated if:

- You are self-employed and/or have to pay self-employment tax with your federal income tax return, **OR**
- You file a U.S. *Schedule C*, **OR**
- You include rental property on a U.S. *Schedule E*, **OR**
- Your earnings are reported to you on form *1099 MISC* rather than a *W-2* form.

If you are required to file SBT and need an instruction booklet, call 1-800-FORM-2-ME (367-6263) and we will mail a booklet to you.

If you have general questions about SBT, call the Single Business Tax Division at 517-373-8030, or visit Treasury's web site at: **www.treasury.state.mi.us**

Annual State Park Permits

You may purchase a State Park Motor Vehicle Permit for \$20.00 by mailing your check made payable to "State of Michigan" to the Parks and Recreation Division, Department of Natural Resources, P.O. Box 30257, Lansing, MI 48909. Permits may also be purchased at any of the 96 state park locations in Michigan. You may use your credit card to purchase a permit by phone from a state park during regular state park hours, or from the Parks and Recreation Division in Lansing (517-373-9900). All proceeds from the sale of permits are used for the operation and improvement of Michigan state parks.

For more information, visit the DNR web site at: **www.dnr.state.mi.us**

Certified Community Foundations and Component Funds

A component fund serves donors and nonprofit organizations in a specific geographic area as a restricted fund of a neighboring community foundation. The following are certified for the Community Foundations Credit for 1999.

- | | |
|---|--|
| <ul style="list-style-type: none"> 01 Albion Civic Foundation 51 Alger Regional Community Foundation 56 Allegan County Community Foundation 63 Anchor Bay Foundation 02 Ann Arbor Area Community Foundation 49 Baraga County Community Foundation 58 Barry County Community Foundation 17 Battle Creek Community Foundation <ul style="list-style-type: none"> Athens Area Community Foundation Homer Area Community Foundation 03 Bay Area Community Foundation 04 Berrien Community Foundation, Inc. 45 Branch County Community Foundation <ul style="list-style-type: none"> Colon Area Community Foundation 36 Cadillac Area Community Foundation <ul style="list-style-type: none"> Missaukee County Community Foundation 64 Canton Community Foundation 06 Capital Region Community Foundation <ul style="list-style-type: none"> Eaton County Community Foundation Ovid-Elsie Community Foundation Lansing Fund Leslie Community Foundation 66 Central Montcalm Community Foundation 44 Charlevoix County Community Foundation 41 Community Foundation for Delta County 12 Community Heritage Foundation for Eaton Rapids 28 Community Foundation for Muskegon County <ul style="list-style-type: none"> Oceana County Community Foundation Ludington Area Comm. Foundation 29 Community Foundation for Northeast Michigan <ul style="list-style-type: none"> North Central Michigan Community Foundation Straits Area Community Foundation 09 Community Foundation for Southeastern Michigan <ul style="list-style-type: none"> Community Foundation for Livingston County Chelsea Community Foundation 10 Community Foundation of Greater Flint <ul style="list-style-type: none"> Clio Area Community Foundation Fenton Community Foundation Grand Blanc Community Foundation Lapeer County Community Foundation 11 Community Foundation of Monroe County <ul style="list-style-type: none"> Bedford Foundation 35 Community Foundation of St. Clair County 20 Community Foundation of the Holland/Zeeland Area 50 Dickinson County Area Community Foundation <ul style="list-style-type: none"> Norway Affiliate Fund 69 Farmington Hills Community Foundation 13 Four County Foundation 14 Fremont Area Foundation <ul style="list-style-type: none"> Lake County Community Foundation Mecosta County Community Foundation Osceola County Community Foundation | <ul style="list-style-type: none"> 15 Grand Haven Area Community Foundation, Inc. <ul style="list-style-type: none"> Coopersville Area Foundation 16 Grand Rapids Foundation <ul style="list-style-type: none"> Hudsonville Community Foundation Ionia County Community Foundation Sparta Community Foundation Wyoming Community Foundation 46 Grand Traverse Regional Community Foundation <ul style="list-style-type: none"> Otsego Community Foundation 48 Gratiot County Community Foundation 18 Greater Frankenmuth Area Community Foundation 67 Greater Keewana Community Foundation 19 Greater Rochester Area Community Foundation 37 Greenville Area Foundation 43 Hillsdale County Community Foundation 60 Huron County Community Foundation 21 Jackson Community Foundation 22 Kalamazoo Foundation <ul style="list-style-type: none"> Greater South Haven Area Foundation Fund 23 Leelanau Township Foundation, Inc. 55 Livonia Community Foundation 25 M & M Area Community Foundation 65 Mackinac Island Community Foundation 24 Manistee County Foundation, Inc. 39 Marquette Community Foundation <ul style="list-style-type: none"> Greater Ishpeming Area Community Foundation Negaunee Area Community Foundation 26 Marshall Community Foundation 05 Michigan Gateway Community Foundation 27 Midland Foundation 42 Mt. Pleasant Area Community Foundation, Inc. <ul style="list-style-type: none"> Clare County Community Fund 68 Northville Township Community Foundation 47 Petoskey-Harbor Springs Area Community Foundation 30 Saginaw Community Foundation 61 Sanilac County Community Foundation 70 Sault Area Community Foundation 71 Shelby Community Foundation 53 Schoolcraft County Community Foundation 31 Shiawassee Foundation 57 Southfield Community Foundation 40 Sturgis Foundation <ul style="list-style-type: none"> Constantine Area Community Foundation 62 Tecumseh Community Fund Foundation 32 Three Rivers Area Foundation 72 Troy Community Foundation 73 Tuscola County Community Foundation 54 UP Community Foundation <ul style="list-style-type: none"> Forest Park Area Community Foundation Gogebic Area Community Foundation Les Chenaux Area Community Fund Paradise Area Community Fund St. Ignace Area Community Foundation |
|---|--|

School District Code List (See MI-1040, MI-1040CR or MI-1040EZ, line 4.)

Michigan public school districts are listed alphabetically with code numbers to the **left** of the names. When more than one district has the same name, the city name in parentheses helps you choose the right district.

Residents, choose the code for the district where you lived on December 31, 1999. Call your local assessor or treasurer if you do not know your school district name.

Nonresidents, enter "10000" in the code box.

31020 Adams Twp.	47010 Brighton	81050 Dexter	39065 Gull Lake
46020 Addison	17140 Brimley	14020 Dowagiac Union	52040 Gwinn
46010 Adrian	46050 Britton Macon	44050 Dryden	
58020 Airport	12020 Bronson	58050 Dundee	
79010 Akron Fairgrove	76060 Brown City	78030 Durand	
05010 Alba	11310 Buchanan		11670 Hagar Twp. (6)
13010 Albion	28035 Buckley	74050 East China	35020 Hale
01010 Alcona	73080 Buena Vista	50020 East Detroit	03100 Hamilton
74030 Algonac	56020 Bullock Creek	41090 East Grand Rapids	82060 Hamtramck
03030 Allegan	75020 Burr Oak	38090 East Jackson	31010 Hancock
82020 Allen Park	02020 Burt Twp.	15060 East Jordan	38100 Hanover Horton
70040 Allendale	78020 Byron	33010 East Lansing	32060 Harbor Beach
29010 Alma	41040 Byron Center	34340 Easton Twp. (6)	24020 Harbor Springs
44020 Almont		23050 Eaton Rapids	13070 Harper Creek
04010 Alpena		11250 Eau Claire	82320 Harper Woods
50040 Anchor Bay	83010 Cadillac	82250 Ecorse	18060 Harrison
81010 Ann Arbor	41050 Caledonia	14030 Edwardsburg	64040 Hart
06010 Arenac Eastern	31030 Calumet	05060 Elk Rapids	80120 Hartford
50050 Armada	30010 Camden Frontier	32050 Elkton Pigeon Bayport	47060 Hartland
07010 Arvon Twp.	74040 Capac	05065 Ellsworth	33060 Haslett
29020 Ashley	25080 Carman-Ainsworth	31070 Elm River Twp.	08030 Hastings
13050 Athens	55010 Carney Nadeau	49055 Engadine	63130 Hazel Park
25130 Atherton	79020 Caro	21010 Escanaba	73210 Hemlock
60010 Atlanta	73030 Carrollton	09050 Essexville Hampton	62060 Hesperia
06020 Au Gres Sims	59020 Carson City Crystal	67020 Ewart	82070 Highland Park
02010 AuTrain-Onota	76070 Carsonville-Pt. Sanilac	66045 Ewen-Trout Creek	60020 Hillman
63070 Avondale	32030 Caseville	40060 Excelsior (1)	30020 Hillsdale
	79030 Cass City		70020 Holland
	14010 Cassopolis		63210 Holly Area
	41070 Cedar Springs	68030 Fairview	33070 Holt
32010 Bad Axe	50010 Centerline	63200 Farmington	61120 Holton
43040 Baldwin	05035 Central Lake	18020 Farwell	13080 Homer
80020 Bangor	59125 Central Montcalm	03050 Fennville	03070 Hopkins
80240 Bangor Twp. (8)	75030 Centreville	25100 Fenton	72020 Houghton Lake
(Bangor)	15050 Charlevoix	63020 Ferndale	31110 Houghton-Portage
09030 Bangor Twp.	23030 Charlotte	50090 Fitzgerald	47070 Howell
(Bay City)	31050 Chassell Twp.	82180 Flat Rock	46080 Hudson
07020 Baraga Twp.	16015 Cheboygan	25010 Flint	70190 Hudsonville
21090 Bark River Harris	81040 Chelsea	25120 Flushing	82340 Huron
19100 Bath	73110 Chesaning Union	40020 Forest Area	63220 Huron Valley
13020 Battle Creek	54025 Chippewa Hills	41110 Forest Hills	
09010 Bay City	50080 Chippewa Valley	36015 Forest Park	58070 Ida
37040 Beal City	32040 Church	19070 Fowler	44060 Imlay City
51020 Bear Lake	18010 Clare	47030 Fowlerville	82080 Inkster
15010 Beaver Island	63090 Clarenceville	73190 Frankenmuth	16050 Inland Lakes
26010 Beaverton	63190 Clarkston	10025 Frankfort-Elberta	34010 Ionia
58030 Bedford	63270 Clawson	50100 Fraser	34360 Ionia Twp. (2)
25240 Beecher	39020 Climax Scotts	73200 Freeland	22010 Iron Mountain
34080 Belding	46060 Clinton	53030 Freesoil	27020 Ironwood
05040 Bellaire	50070 Clintondale	62040 Fremont	52180 Ishpeming
23010 Bellevue	25150 Clio	61080 Fruitport	29060 Ithaca
25060 Bendle	12010 Coldwater	29050 Fulton	
25230 Bentley	56030 Coleman		38170 Jackson
11010 Benton Harbor	32260 Colfax Twp. (1F)	39050 Galesburg Augusta	58080 Jefferson Schools-Monroe
10015 Benzie County Central	11330 Coloma	11160 Galien Twp.	Co.
63050 Berkley	75040 Colon	03440 Ganges (4)	70175 Jenison
34140 Berlin Twp. (3)	38040 Columbia	82050 Garden City	69030 Johannesburg-Lewiston
11240 Berrien Springs	39030 Comstock	69020 Gaylord	30030 Jonesville
27010 Bessemer City	41080 Comstock Park	25070 Genesee	
21065 Big Bay De Noc	38080 Concord	72010 Gerrish Higgins	39010 Kalamazoo
62470 Big Jackson	75050 Constantine	82290 Gibraltar	51045 Kaleva Norman-Dickson
54010 Big Rapids	70120 Coopersville	21025 Gladstone	40040 Kalkaska
73170 Birch Run	78100 Corunna	26040 Gladwin	25110 Kearsley
63010 Birmingham	80040 Covert	45010 Glen Lake	41140 Kelloggsville
46040 Blissfield	20015 Crawford AuSable	80110 Gobles	41145 Kenowa Hills
63080 Bloomfield Hills	82230 Crestwood	41120 Godfrey Lee	41150 Kent City
32140 Bloomfield No. 1	76080 Croswell Lexington	41020 Godwin Heights	41160 Kentwood
(Red-Huron Co.)		25050 Goodrich	28090 Kingsley
32250 Bloomfield Twp. (7F)		25030 Grand Blanc	79080 Kingston
(Huron Co.)	33040 Dansville	70010 Grand Haven	
80090 Bloomingdale	25140 Davison	23060 Grand Ledge	50140 L'Anse Creuse
49020 Bois Blanc Pines	82030 Dearborn	41010 Grand Rapids	07040 L'Anse Area
15020 Boyne City	82040 Dearborn Heights (7)	41130 Grandville	78040 Laingsburg
15030 Boyne Falls	80050 Decatur	62050 Grant	57020 Lake City
63180 Brandon	76090 Deckerville	42030 Grant Twp.	25200 Lake Fenton
11210 Brandywine	46070 Deerfield	38050 Grass Lake	31130 Lake Linden Hubbell
29040 Breckenridge	08010 Delton-Kellogg	59070 Greenville	63230 Lake Orion
22030 Breitung Twp.	17050 Detour	82300 Grosse Ile Twp.	50120 Lakeshore
73180 Bridgeport-Spaulling	82010 Detroit	82055 Grosse Pointe	(St. Clair Shores)
11340 Bridgman	19010 DeWitt		

11030 Lakeshore (Stevensville, Berrien Co.)	49070 Moran Twp.	74010 Port Huron	73255 Swan Valley
59090 Lakeview (Lakeview)	46100 Morenci	39140 Portage	25180 Swartz Creek
13090 Lakeview (Battle Creek)	54040 Morley Stanwood	34110 Portland	
50130 Lakeview (St. Clair Shores)	78060 Morrice	71060 Posen	48040 Tahquamenon
25280 Lakeville	50160 Mt. Clemens	23090 Potterville	35030 Tawas
34090 Lakewood	25040 Mt. Morris	52100 Powell Twp.	82150 Taylor
63280 Lamphere	37010 Mt. Pleasant		46140 Tecumseh
33020 Lansing	02070 Munising	12040 Quincy	13130 Tekonsha
44010 Lapeer	61010 Muskegon		08050 Thornapple-Kellogg
80130 Lawrence	61020 Muskegon Heights	21060 Rapid River	75080 Three Rivers
80140 Lawton		61210 Ravenna	28010 Traverse City
45020 Leland	52015 Nice (Ishpeming) N.I.C.E.	30070 Reading	82155 Trenton
49040 Les Cheneaux	38130 Napoleon	82110 Redford Union	59080 Tri County (Howard City)
33100 Leslie	52090 Negaunee	67060 Reed City	63150 Troy
81070 Lincoln	11200 New Buffalo	79110 Reese	
82090 Lincoln Park	50170 New Haven	61220 Reeths Puffer	32170 Ubly
25250 Linden	78070 New Lothrop	52110 Republic Michigamme	13135 Union City
30040 Litchfield	62070 Newaygo	50180 Richmond	79145 Unionville Sebewaing
24030 Littlefield	11300 Niles	82120 River Rouge	50210 Utica
82095 Livonia	30050 North Adams - Jerome	11033 River Valley	
41170 Lowell	44090 North Branch	82400 Riverview	82430 Van Buren
53040 Ludington	55115 North Central	63260 Rochester	50220 Van Dyke
	22045 North Dickinson Co.	41210 Rockford	69040 Vanderbilt
	32080 North Huron	71080 Rogers City Area	38020 Vandercook Lake
49110 Mackinac Island	61230 North Muskegon	50190 Romeo	79150 Vassar
16070 Mackinaw City	45040 Northport	82130 Romulus	32650 Verona Twp. (1F)
46090 Madison (Adrian)	41025 Northview	50030 Roseville	59150 Vestaburg
63140 Madison (Madison Hts.)	82390 Northville	23590 Roxand Twp. (12)	39170 Vicksburg
05070 Mancelona	38140 Northwest	63040 Royal Oak	
81080 Manchester	22025 Norway Vulcan	17110 Rudyard	65045 West Branch-Rose City
51070 Manistee	75100 Nottawa		27070 Wakefield Twp.
77010 Manistique	63100 Novi	73010 Saginaw City	30080 Waldron
83060 Manton		73040 Saginaw Twp.	64090 Walkerville
23065 Maple Valley	63250 Oak Park	81120 Saline	63290 Walled Lake
14050 Marcellus	61065 Oakridge	46130 Sand Creek	50230 Warren
27060 Marenisco	33170 Okemos	76210 Sandusky	50240 Warren Woods
67050 Marion	23080 Olivet	34120 Saranac	63300 Waterford
13095 Mar Lee	71050 Onaway	03080 Saugatuck	27080 Watersmeet Twp.
76140 Marlette	23490 Oneida Twp. (3)	17010 Sault Ste. Marie	11320 Watervliet
52170 Marquette City	51060 Onekama	39160 Schoolcraft	33215 Waverly
13110 Marshall	46110 Onsted	(Kalamazoo Co.)	03040 Wayland Union
03060 Martin	66050 Ontonagon	64080 Shelby	82160 Wayne-Westland
74100 Marysville	61190 Orchard View	37060 Shepherd	33220 Webberville
33130 Mason	31100 Osceola Twp.	32610 Sigel Twp.-Adams (3)	52160 Wells Twp.
58090 Mason (Erie)	35010 Oscoda	(Bad Axe)	63160 West Bloomfield
53010 Mason County Central (Scottville)	03020 Otsego	32620 Sigel Twp. (4)	36025 West Iron County
53020 Mason County Eastern (Custer)	19120 Ovid Elsie	32630 Sigel Twp. (6)	70070 West Ottawa
80150 Mattawan	32090 Owendale Gagetown	11830 Sodus Twp. (5)	38010 Western
79090 Mayville	78110 Owosso	80010 South Haven	82240 Westwood
57030 McBain	63110 Oxford	50200 South Lake	25210 Westwood Heights
82045 Melvindale Allen Park	34040 Palo	63240 South Lyon	62090 White Cloud
74120 Memphis	39130 Parchment	82140 South Redford	75070 White Pigeon
75060 Mendon	80160 Paw Paw	63060 Southfield	66070 White Pine
55100 Menominee	76180 Peck	82405 Southgate	17160 Whitefish
56050 Meridian	24040 Pellston	41240 Sparta	58110 Whiteford
73230 Merrill	13120 Pennfield	70300 Spring Lake	61240 Whitehall
83070 Mesick	64070 Pentwater	38150 Springport	81140 Whitmore Lake
38120 Michigan Center	78080 Perry	73240 St. Charles	35040 Whittemore Prescott
21135 Mid Peninsula	24070 Petoskey	49010 St. Ignace City	33230 Williamston
56010 Midland	19125 Pewamo-Westphalia	19140 St. Johns	81150 Willow Run
81100 Milan	17090 Pickford	11020 St. Joseph	16100 Wolverine
79100 Millington	47080 Pinckney	29100 St. Louis	82365 Woodhaven
68010 Mio Au Sable	09090 Pinconning	06050 Standish - Sterling	82170 Wyandotte
61060 Mona Shores	67055 Pine River	31140 Stanton Twp.	41026 Wyoming
58010 Monroe	30060 Pittsford	55120 Stephenson	
59045 Montabella	03010 Plainwell	33200 Stockbridge	74130 Yale
61180 Montague	82100 Plymouth Canton	75010 Sturgis	81020 Ypsilanti
25260 Montrose	63030 Pontiac	58100 Summerfield	
	32130 Port Hope	02080 Superior Central	70350 Zeeland
		45050 Suttons Bay	

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We no longer print your Social Security number on the mailing label. Instead, for security reasons, a 10-digit code number appears on the label. Review this label. If the information is correct, place the label on your tax return. **If any information is incorrect, do not use this label.** Write the correct information on the return. If you use a tax preparer, take this book to your preparer and ask him or her to use this label. Using this label will help shorten the processing time of your return.

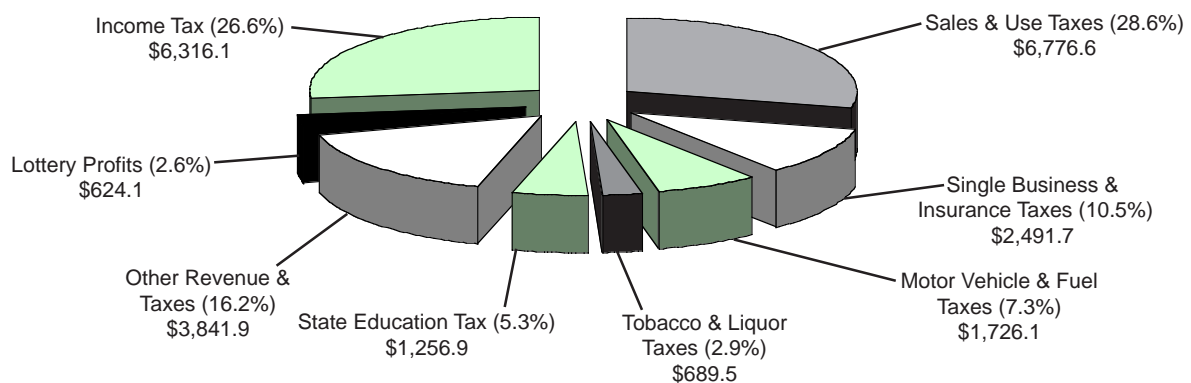
Financial Information for Fiscal Year 1998

This information is intended to give you an overview and broad perspective of the state's financial operations. These figures were derived from the latest *Michigan Comprehensive Annual Financial Report* for the fiscal year ended September 30, 1998.

STATE REVENUES AND FINANCING SOURCES

MILLIONS OF DOLLARS

\$23,722.9



STATE EXPENDITURES AND FINANCING USES

MILLIONS OF DOLLARS

\$23,722.9

